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9TH
ANNUAL
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Social Security
Board

1944

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FEDERAL SECURITY AGENCY

9TH
ANNUAL
REPORT

FISCAL YEAR 1943-44

Social Security
Board

1944

[This report also constitutes
Section 5 of the Annual Report
of the Federal Security Agency]

FEDERAL SECURITY AGENCY



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LETTER OF TRANSMITTAL

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD,
Washington 25, D. C., October 31, 1944.

The Honorable PAUL V. McNUTT,
Federal Security Administrator.

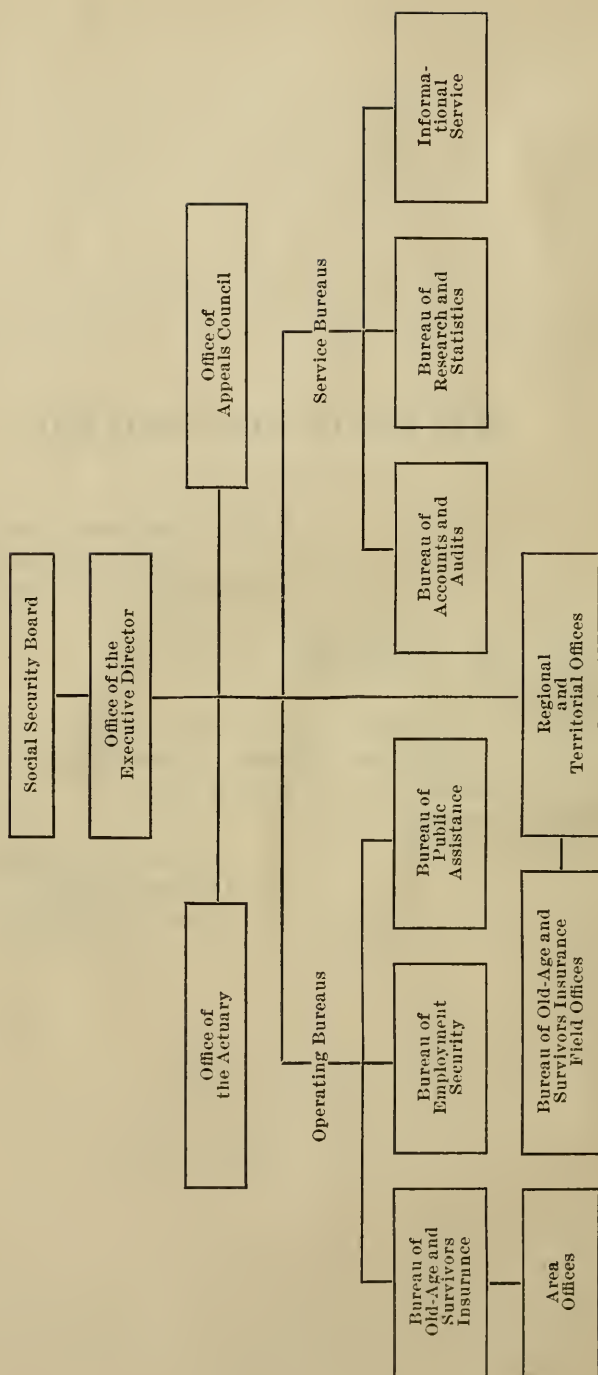
DEAR MR. McNUTT:

The Social Security Board has the honor to transmit its Annual Report for the fiscal year ended June 30, 1944, for submission to the Congress as required by section 704 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMAYER, *Chairman.*
GEORGE E. BIGGE.
ELLEN S. WOODWARD.

Bureaus and Offices of the Social Security Board, as of June 30, 1944



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Social Security During and After the War

THROUGHOUT THE FISCAL YEAR 1943-44, American families, on the whole, had a higher level of economic well-being than ever before. Steady jobs were open to millions of persons who ordinarily would have had little chance to get or keep paid work. In the cities and on the farms, earnings were at record levels. Millions of households which had no breadwinners in the labor market had an assured minimum income through the allowances to dependents of servicemen or through benefits or assistance under the Social Security Act and other Federal and State legislation.

Experience in this year therefore gives a bench mark for measuring risks to economic security when, relatively, such risks were at a minimum. In even this year of unprecedented family income, an average of more than 3.5 million needy persons—for the most part old people, children, and the disabled—were receiving public aid. The estimates of the Bureau of the Census showed that, on the average, nearly a million were unemployed. Under Federal old-age and survivors insurance and other programs for retirement and for survivors, names continued to be added to the beneficiary rolls, though the increase was less than would have been expected in a year when work opportunities were less plentiful. In good times as in bad, people grow old and cannot keep on working, and the livelihood of millions of families is cut short by the disability or death of the breadwinner.

By June 1944 it was evident that this fiscal year might be the last throughout which the war economy was operating in high gear. The attention of people in all the United Nations—servicemen and civilians—was turning toward problems of social security during the change-over to peace and the long future. Letters and other comments which came to the attention of the Social Security Board were asking, Can American families maintain in time of peace the economic independence that so many have gained during the war? When the war ends, will there be surplus workers as well as surplus commodities? Can the United States avoid the economic collapse and the disruption of family security which, sooner or later, have followed every major war in its history?

The organized measures for social security for which responsibility is given to the Social Security Board bear on only a part, but an important part, of the problems raised by such questions.

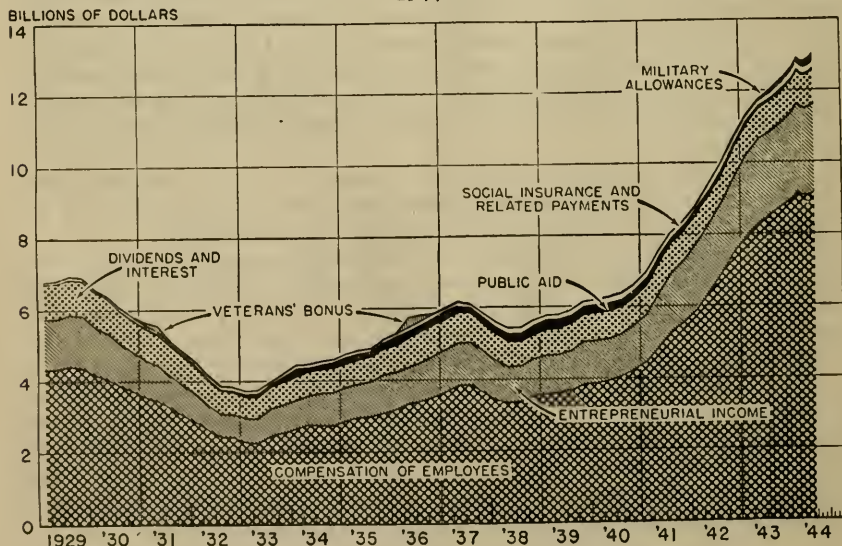
While industry is being regeared to peacetime production and men are coming back from all corners of the world to take their places in civilian life, millions of persons will have to change jobs. Many will have to shift to other kinds of work, often to other places. The number of persons affected will differ from time to time and place to place according to changes in wartime demands, the extent and character of wartime production in a locality, and the differing rates of speed with which various industries get materials and reconvert plant and equipment for civilian production. Even the most optimistic view of so vast a readjustment, however, recognizes that in the country as a whole there will be considerable short-term unemployment.

This is precisely the kind of situation with which unemployment insurance is designed to deal. Unemployment insurance can cope with relatively brief unemployment of persons who are able to work. Replacing a part of their wage loss while they are out of a job, it helps them to get along while the plant is re-tooling or while they are looking for new jobs in their town or elsewhere.

Civilian workers in the United States in April 1944 included some 6.7 million persons, it is estimated, who ordinarily would not have been in jobs—boys and girls who would ordinarily have been in school or college, servicemen's wives, older married women, and people who in usual times would be considered marginal workers or would have retired. Doubtless many people will leave the labor market voluntarily when family breadwinners return from the armed forces and the motivating influences of wartime diminish. Others will be forced out. As the men come back from the camps and battle fronts, many persons now in jobs will find themselves on the fringe of employability—considered too young or too old or otherwise handicapped in competing for work. In this situation also our social security program will be important.

Old-age insurance will provide a minimum income for hundreds of thousands of old people when the wage earner must or wishes to stop work; this income is theirs as a right based on their contributions and earnings under the insurance system. Survivor insurance, based on similar rights, will enable many widows with children to devote their energies to the care of their children and homes, and children to continue their schooling, rather than to keep or seek paid work. Survivor benefits also will provide monthly income for aged widows of insured workers and, in certain circumstances, aged parents who have been dependent on the wage earner. The three

Chart 1.—*Income payments in the continental United States, January 1929–June 1944*¹



¹ Monthly average for each quarter, 1929–43; monthly data thereafter.

Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

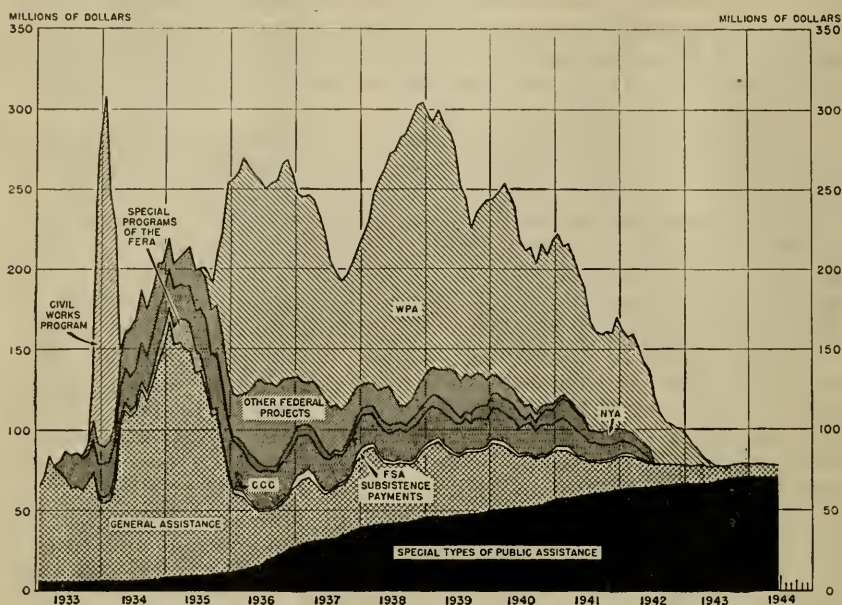
assistance programs under the Social Security Act—old-age assistance, aid to dependent children, and aid to the blind—will afford rights to public aid, on the basis of need, to groups of people who are little able or unable to earn their living. Many in these groups will be affected by reductions or interruption of the earnings of others on whom they rely for help, as well as loss of anything they themselves have been able to earn.

The United States is unique among the major industrial countries of the world in that it has no systematic general provision for offsetting loss of earnings when a worker is sick or disabled or for assuring that adequate medical care is available to persons who require it, regardless of their ability to pay for such care at the time they need it. Throughout the war years, as in all times except periods of widespread unemployment, the losses and costs attributable to sickness and disability have been the greatest single cause of poverty and dependency in the United States. If employers again make more restrictive and rigorous requirements in hiring workers, and if women and children find it harder than at present to get paid jobs, the volume of dependency attributable to disability and premature death will tend, of course, to be much greater than it has been in recent years.

The course of social insurance and public assistance during the war years emphasizes the fact that most of the major economic risks of families and individuals persist even when employment and earnings are at high levels. Of the chief causes of poverty and dependency in the United States—sickness and disability, old age, death of the family breadwinner, and unemployment—only unemployment has been greatly affected by the wartime expansion of the national economy. The spectacular decline in total expenditures for public aid has been due to liquidation or curtailment of programs which, during the 1930's, served primarily to meet the need of persons who could not find work (chart 2). Unemployment insurance alone has accounted for the decline in aggregate payments under the social insurance and related programs shown in chart 3. Old age, sickness and invalidity, and death of the breadwinner have continued to cause insecurity in millions of households which—temporarily or permanently—have had no member who could take advantage of the wartime opportunities to earn. When jobs are less plentiful and employers' hiring requirements more stringent, social insurance and public assistance are, of course, all the more necessary to offset part of the loss or lack of earnings and assure the means of subsistence.

The income which flows out in social insurance benefits and assistance has a value disproportionate to its size in maintaining the Nation's purchasing power. These payments go only to persons whose usual income has been cut down or stopped or is too little for subsistence. Their insurance benefits or assistance payments give them purchasing power which, by and large, they otherwise would lack. Soon spent for essentials, these payments pass quickly into the stream of commerce through the hands of the neighborhood grocer, the landlord, and others who provide basic necessities. Moreover, the assurance of protection which a strong and comprehensive program of social security creates for the population as a whole—whether or not they, as individuals, have occasion to claim

Chart 2.—Payments to recipients of public assistance and earnings of persons employed under Federal work programs in the continental United States, January 1933–June 1944



their rights—is essential to social stability and economic progress. In an industrial society, adequate provision for social security is at all times a necessary adjunct to a dynamic system of free enterprise, since it facilitates the changes and readjustments inherent in the development of business and industry.

Unemployment Insurance

In June 1944, as in June 1935 when the Social Security Act was being formulated by Congress, attention in the field of social security was centered on unemployment. The situation in 1944, however, was the opposite of that 9 years earlier. Only about a million persons were out of work—as compared with varying estimates of 9–12 million in June 1935—and these chiefly for only short intervals between jobs. In 1935, no State was paying unemployment benefits. In 1944, all States, Alaska, the District of Columbia, and Hawaii had been operating unemployment insurance systems for 5 years or more and had built up reserve funds totaling more than \$5 billion for future benefits; the special Federal system for railroad workers also had been in operation for 5 years. The question in 1944 was not whether to make Nation-wide provision for unemployment insurance but whether the Federal-State system actually established under the Social Security Act could meet the Nation's needs during the transition to peace and the years ahead.

Obviously, demobilization of the armed forces and war workers presents certain problems outside the scope of the Federal-State system. On June 22, the President signed the "G. I. Bill of Rights" (Public

Law No. 346, 78th Cong.) which, among other provisions, established "readjustment allowances" for unemployed veterans of World War II, to be federally financed, administered by existing Federal and State agencies under mutual agreements, and payable at a uniform rate of \$20 a week for as much as 52 weeks. These allowances not only protect ex-servicemen and servicewomen who may fail to find jobs promptly but also greatly lighten potential liabilities of the State systems, under which preexisting rights of servicemen have been "frozen" and, in a few States, rights created for all servicemen from the State.

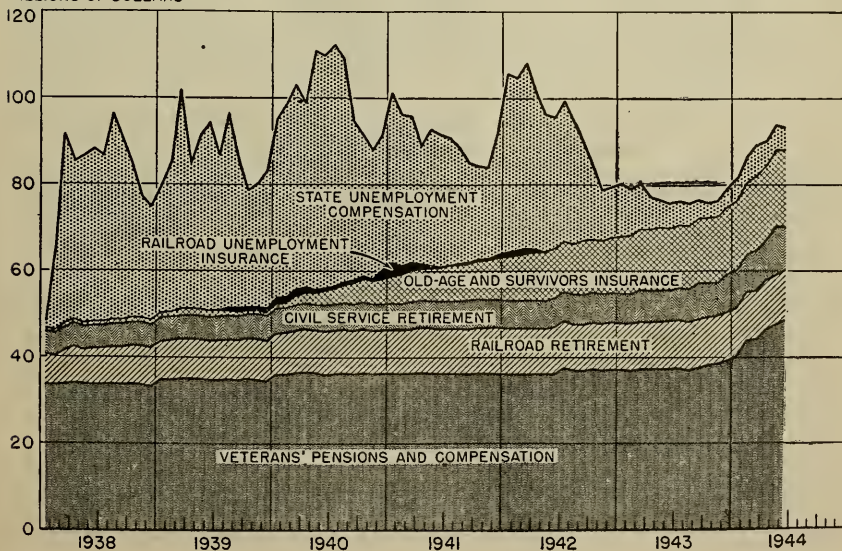
The immediate post-war problem, therefore, was emerging as potential unemployment among workers in covered industrial and commercial jobs and other millions in jobs not covered by any form of unemployment insurance. Chief among these latter are some 3.5 million persons employed by small firms, about 200,000 maritime workers, some 3 million hired workers on farms, 2.5 million employees of State and local governments, nearly a million workers in nonprofit institutions and agencies, and more than 3 million Federal civilian employees. Cut-back or stoppage of war activities and return of servicemen clearly foreshadow large lay-offs of Federal workers in arsenals, navy yards, ammunition plants, and the like, and in the civil service.

The Role of Unemployment Insurance

No better mechanism than unemployment insurance exists for enabling the workers affected to weather the readjustment, and thus for helping to speed reconversion for the Nation. In that process it is essential to keep in touch with workers who lose their wartime jobs, to know where other work is developing, to direct the right workers to those jobs, and to keep up family purchasing power and individual and public morale by paying benefits during gaps between jobs. This is

Chart 3.—*Payments under selected social insurance and related programs, January 1938–June 1944*

MILLIONS OF DOLLARS



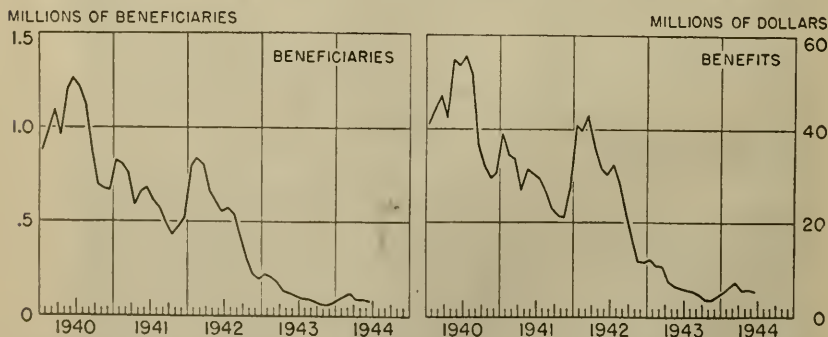
the function for which unemployment insurance is designed. If it is to fulfill that function effectively, the system must be broadly available to persons who depend on employment for their living and must provide benefits which, in amount and duration, replace a reasonable part of the wages which workers lose because of involuntary unemployment.

Unemployment insurance recognizes that in a highly organized industrial society many workers have some unemployment during even the best years. In considerable part, such unemployment results from industrial change and technological development—from mobility of both industry and labor. It is a price of progress and efficiency, and its cost is an inevitable charge on society, whether it is shared through unemployment insurance or is met in less constructive ways. Even "full" employment could not obviate unemployment in any but a regimented economy; anything less than "full" employment makes unemployment insurance the more necessary.

In the years 1922–29, often cited as an example of prosperity in the United States, there was average unemployment of about 8 percent among our industrial workers. For "full employment" under Sir William Beveridge's proposed plan for Great Britain, average unemployment of 8.5 percent is assumed. Even under the abnormal pressure of all-out war, about a million persons were unemployed in June 1944. Jobs throughout the Nation were calling for workers, wage rates and patriotic incentives ran high, usual hiring standards had been greatly relaxed, and intensive efforts were being made to direct workers to places where they were needed. Among the million without jobs there were persons without skills, but also skilled workers laid off temporarily by changes in production, lack of materials, seasonal shifts, and the like. It is hard to imagine any peacetime situation in which all these factors will not operate to displace much larger numbers of persons who need and want work than were unemployed when the war was in full swing.

Under the State unemployment compensation laws, as in all major systems of unemployment insurance, the purpose is to replace only part of the wages lost by an unemployed worker. He gets no benefit for his first week or two of unemployment, which is the "waiting period." His weekly benefit amount ordinarily is intended to be about

Chart 4.—*Beneficiaries and benefit payments under State unemployment compensation laws, January 1940–June 1944*¹



¹ Weekly average number of beneficiaries for each month and gross benefit payments during month.

half his previous earnings within a fixed maximum, which under existing laws is commonly \$15 to \$18 a week. As a result of this limitation, many higher-paid workers get much less than half their usual earnings. The number of weeks of unemployment for which benefits can be paid is also limited, either to a uniform number for all insured workers or to some number fixed in relation to the individual's past earnings. He receives benefits only if he is unemployed, is able to work and available for work, and does not refuse any suitable work offered him. Provisions such as these are designed to limit the payment of unemployment benefits to persons who depend on earnings and are genuinely unemployed.

Since wage earners and their families usually cannot make large and sudden reductions in their basic expenses when unemployment comes, and it often is socially undesirable that they should do so, insured workers, at best, must draw on their savings or other resources or on their credit when they are out of work. Workers themselves will carry half or more of their wage loss during the periods of unemployment which the present system is designed to cover. If unemployment benefits replace as much as half the loss during the spells of unemployment common among regular members of the labor force, the workers concerned have some basic protection and ample incentive to seek new jobs and to save when they are earning. At the same time these benefits, by helping to stabilize purchasing power and sustain the morale and efficiency of the working population, protect business and the economy as a whole. Prolonged and widespread depression requires other measures.

Compensated Unemployment

During the war, many wage-earning families have been able to pay up debts and accumulate savings. On these savings rests a major hope for keeping up employment and business through the reconversion. In any event, billions of dollars of savings will be used for rent, food, moving expenses, and other necessities during weeks or months when many workers are between jobs. If the wage-earning population as a whole had assurance that they could draw benefits to help tide over unforeseeable losses from unemployment and sickness, a great many families would be both able and willing to buy or build a new house or repair and improve the old one, to replace the worn-out automobile, and realize other hopes for the future.

To the extent that this assurance is lacking and workers have reason to fear that their savings will be drained away during the reconversion period, public confidence and optimism will be lessened and the contribution of the social security program toward steadying employment and business will be weakened. This result would be the more shocking in that, under present provisions of the State systems, a large part of the billions accumulated in the State reserves to pay unemployment benefits will go unused even if post-war unemployment is widespread and prolonged.

The failure of the present system of unemployment insurance—as a whole—to cover a reasonable proportion of the wage loss from unemployment is due to a series of shortcomings. Too many jobs are excluded from the program. Benefits are too short in duration and too small in amount. In many States, payments are further restricted by severe disqualification provisions. State provisions for experience

rating tend to put a damper on proposals to improve the system in the light of operating experience and have led to interstate competition to reduce employer contribution rates at the expense of the adequacy of the State systems. The segregation of benefit reserves within individual States, without provisions for pooling or reinsuring on a national basis, limits the potential use of the reserves.

All these shortcomings can be eliminated, some by State action alone, some only through changes in Federal law. The Board believes that action is urgently needed now to make the changes which will enable the unemployment compensation program to fulfill the purpose for which it was established.

Benefit Duration

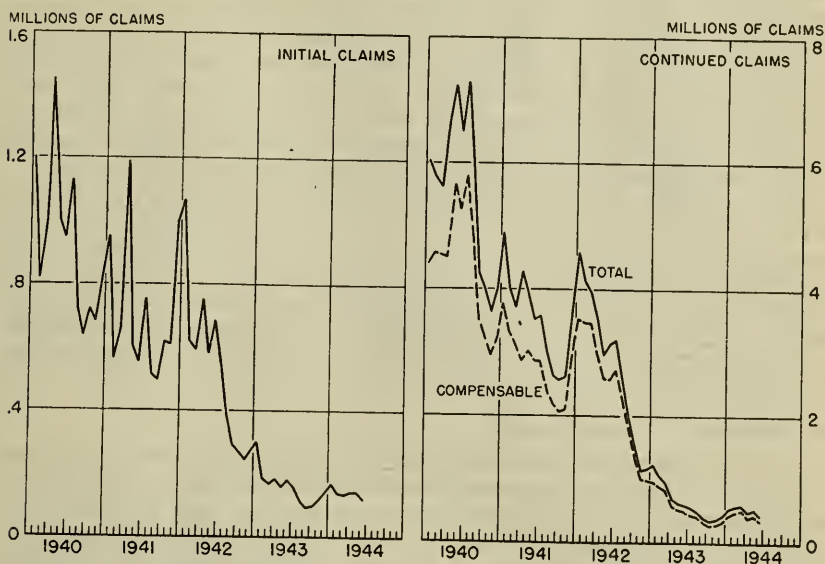
The failure of benefits to compensate a larger part of the wage loss of unemployed insured workers is due, in the main, to the restricted duration of benefits. Twenty-seven States limit benefits to 16 weeks or less; only two permit payments for more than 20 weeks. If a worker's unemployment benefits do not continue until he gets another job, his insurance may run out when he needs it most. Even in 1941, a rather good year, half of all workers who drew benefits exhausted their rights before they got new jobs; in four States, from 60 to 70 percent of all beneficiaries exhausted their rights.

Moreover, almost three-fourths of the States vary the duration of a worker's benefits according to the amount of his past covered employment and earnings. While the maximum in the State law may be 16 weeks, a claimant in 3 States may actually be entitled to as little as $2\frac{1}{2}$ or 3 weeks of benefits. In 15 States with uniform duration, on the other hand, all workers who are eligible for benefits are entitled to the same duration under the State law if they continue to be unemployed. The irregularly employed eligible worker thus has as long protection as the worker who has been regularly employed.

Adequate duration of benefits will be of particular importance after the war in helping both to promote desirable types of labor mobility and to prevent wasteful migration in search of jobs. If a worker must move and perhaps also change to a new type of work, he may be unemployed for a considerable time before he finds work for which he is suited; it is not to his interest or society's that he should be forced by lack of funds to take casual or dead-end jobs which offer no future security to his family. When a plant or a town will again need workers who are laid off while equipment is being reconverted and materials obtained, the availability of benefits for substantial periods helps to prevent scattering and loss of skilled labor. Present duration provisions give neither workers nor employers a chance to carry through reconversion without undue difficulties.

When the Social Security Act became law there was practically no information on the duration of unemployment among American workers. The limitations in the original State laws resulted largely from estimates of the benefits that could be financed by a 2.7-percent contribution rate. In the absence of adequate facts on unemployment, these estimates were very conservative, and accordingly duration provisions of the State laws were very limited. Actual operation of the State systems has shown that, over an average period, such a contribution rate can finance benefits considerably longer in duration and also larger in amount than those now provided. As State reserves

Chart 5.—*Initial, continued, and compensable claims under State unemployment compensation laws, January 1940–June 1944*¹



¹ Claims received in local offices.

have piled up, the trend has been to reduce employer contributions under the State law, rather than to make benefits more nearly adequate to meet needs shown by operation of the systems. Even in good years, the maximum-duration and the variable-duration provisions now prevailing in State laws give too brief protection to serve the basic purpose of the program.

The Board is strongly of the opinion that unemployment benefits should be payable for at least 26 weeks in a year to any insured worker who qualifies for benefits under the law.

Benefit Amounts

The benefit of a totally unemployed worker may range, according to the law of the State and his wage credits, from as little as \$2 a week to \$22. No separate provision is made for a worker's dependents except in the District of Columbia, and that is inconsequential in amount. A little more than half the States place the maximum at \$15 or \$16 a week. Minimum payments range from \$2 to \$10, and two States do not set any fixed minimums.

As a result of the top limits, there were 15 States in which half or more of all benefit payments in 1943 were at the maximum set by the State; in 4 States where the maximum benefit was \$15 a week, from 72 to 85 percent of all payments were at the maximum. For a large proportion of all workers who were drawing benefits, the weekly benefit amount was therefore less than half the worker's average wage.

An advantage often urged for the present Federal-State unemployment compensation system is that the Social Security Act leaves States free to experiment and to design systems in accordance with wage rates, living costs, and other factors which may vary in different parts of the country. There has been ample time in which to experiment,

and, with the wartime increase in contributions, all States have relatively large reserves. In many respects, however, differences in actual operations under State systems do not reflect differences in the economy of the States. For example, there seems no reason to suppose that, on the average, unemployed workers in one State can get along with one-third of past earnings or less, while elsewhere they need half. Among the 22 States which had the same maximum benefit of \$15, average weekly earnings of covered workers in the first quarter of 1944 ranged from \$25.01 in South Carolina to \$46.72 in Oregon.

The Social Security Board believes that the maximum benefit for full-time unemployment should not be less than \$25 a week, including dependents' allowances, if any. Benefits should be related not only to previous wages but to the claimant's dependents. Payment of dependents' allowances would provide larger amounts for workers with heavier obligations at much less increase in total costs than would be necessary if benefit scales for all workers were raised to a point which recognized family needs.

Disqualification From Benefits

Under all but a few of the original State unemployment compensation laws, the major disqualifications from benefits took the form of postponing payment of benefits to workers who had quit a job without good cause, or had been discharged for misconduct, or, while claiming benefits, refused suitable work. In these circumstances the worker's loss or lack of a job may logically be held due to his own choice or fault; the postponement of benefits is a recognition that the role of the program is to compensate only involuntary unemployment. If, however, the worker continues to be unemployed though able to work and available for work, it may be assumed that his unemployment becomes involuntary—the result of the state of the labor market—and no longer a consequence of his original disqualifying act. For unemployment after the initial period, therefore, nearly all States paid the benefits for which an individual was qualified by his previous employment and earnings.

During the past 5 years there has been a clear trend toward more severe disqualification provisions. Various States have adopted provisions which cancel all or part of the worker's benefit rights in such cases, so that potential payments are greatly reduced, or even wiped out, for workers who have quit without good cause or have been discharged for misconduct or have declined work considered suitable by the agency. As a result, the disqualified worker may be unable to draw benefits even in a subsequent spell of clearly involuntary unemployment during his benefit year.

By January 1944, more than half the States had provisions either reducing or canceling benefit rights of claimants who had been disqualified for these reasons, instead of merely postponing payments for a reasonable period following the disqualifying act. The seriousness of the disqualification provisions may be shown by some figures on the extent of such disqualifications. In nine States for which data are available for 1943, from 7 to 37 percent of all eligible claimants were disqualified for voluntary quit, discharge for misconduct, or refusal of suitable work.

In addition, an increasing number of States are defining "good cause" for voluntary leaving to include only cause attributable to the

job or to the employer. In such States, for example, a man who left a job on promise of war work which did not materialize or in prospect of Army service for which he was rejected or to have a surgical operation, or a woman who stopped work temporarily to care for a sick child, may not be able to draw any benefits if, when he or she is able and ready to work, a job is not immediately to be found. Under such provisions, it is not enough that the worker is unemployed through no fault or wish of his own; it must be shown that the employer was at fault. In 1938, only 4 States restricted "good cause" for voluntary leaving to causes attributable to the employer, or to the employment. By January 1944, 18 States made this restriction by law and 1 by regulation.

This position and the drastic penalty of canceling benefit rights of workers disqualified for these reasons are without precedent in any other major system of unemployment insurance with which the Board is familiar. They negate the purpose of the system, which is to pay benefits to persons who have evidenced their attachment to covered employment and are involuntarily unemployed. "Good cause" for voluntary leaving should include compelling personal and family reasons. The Board believes further that disqualification should involve only the prolongation of the waiting period—that is, postponement of benefit payments—in most instances, for not more than 4 or 5 weeks.

Doubtless some of the undue severity in imposing disqualifications in particular cases has reflected the wartime need for workers. The trend toward severity, however, began before the war, and many of the provisions which cut or cancel benefit rights (notably provisions on voluntary leaving) are imbedded in statutes which will have equal force and even more devastating effects when the war is over. Development in the field of disqualifications appears to be part of a broader underlying trend in the Federal-State program which threatens to distort, and in serious measure to defeat, the purpose and function of unemployment insurance—to pay benefits to qualified workers when they are unemployed, able to work, and available for work.

Contributions

The Social Security Act gave an incentive for State action in unemployment insurance and made it feasible for States to act by authorizing Federal grants to pay the entire cost of proper and efficient administration of State unemployment compensation laws and by establishing the offset device for the Federal unemployment tax. The uniform tax of 3 percent of pay roll was imposed on substantially all employers of eight or more workers in industry and commerce; against it, these employers could offset, up to as much as 90 percent of their tax liability, contributions which they had paid under State unemployment compensation laws approved by the Social Security Board. This basic provision was intended to equalize the tax on employers in States which did and those which did not have unemployment insurance, and thus to prevent unfair handicaps among competing employers in different States.

The Federal act, however, permitted employers to credit against their Federal tax not only the contributions they had paid under the State law but also those from which they had been excused under

State provisions for varying employer contributions according to the employer's experience with unemployment. These provisions could not be put into effect until sufficient time had elapsed to measure that "experience." Employer contribution rates were first modified in 1938 in Wisconsin. Each following year the number of States with such modifications has increased; in 1944, modified rates are in effect in 42 States. In the calendar year 1943, it is estimated, the State-wide average contribution rate of employers under the ordinary contribution provisions of State laws ranged from 0.9 percent to 2.6 percent in States with experience rating, and was 2.7 percent in only the 11 States which had not adopted such provisions or had not yet put them into effect. Among individual employers, contributions under the State laws ranged from zero to the normal 2.7 percent of pay roll (3.0 percent in Michigan) and, in the 17 States which impose "penalty" rates for firms with a poor record of experience, to as much as 4 percent for a few. In general, experience-rating States have tended to make 2.7 percent the top rate, rather than to offset rate reductions for some employers by rate increases for those who are poor risks.

Rates vary widely for employers in the same business and with similar unemployment experience. The State in which a firm is located may be a more important factor in determining its contribution rate for unemployment insurance than the character of the industry in which it is engaged or its record in relation to general experience in that industry. Obviously, no State and no employer wants to be handicapped by higher contribution rates than are paid by competitors elsewhere. The situation therefore has led inevitably to interstate competition to reduce contribution rates.

Employers have had an incentive to resist improvement of benefit standards in their State on the ground that such changes might keep them from getting, or make it impossible for them to continue to enjoy, contribution rates as advantageous as those elsewhere. Moreover, in the experience-rating States employers have had a direct incentive to contest the benefit payments to their former workers, since these payments affected their "experience" and hence their contribution rate.

In the fiscal year 1943-44, experience rating resulted in a reduction of some \$484 million in contributions which would have been collected under normal unmodified rates; by the end of that year, nearly a billion dollars had been lost in contributions which otherwise would have added to the reserves in years of increasing employment and pay rolls to meet the inevitably greater costs of benefits during and after demobilization. Recognizing this fact, 10 States, all of which had experience rating in effect in the year, enacted special "war-risk" provisions in 1943 to require extra contributions from all firms which had greatly expanded during the war and, in 1 State, from all employers. In the 10 States in which these war-risk provisions were in operation in 1943-44, the additional collections, it is estimated, offset about 30 percent of the total reduction granted to employers in those States.

Wartime has emphasized what was hardly less clear in peace, that the causes of most unemployment are beyond the control of individual employers or industries. Whatever the merits of experience rating, the present competition in rate reduction threatens to undermine the effectiveness of unemployment insurance in the United States. The

loss of revenue which has resulted from rate reductions has come at a time when employers could most readily pay the normal contribution rate. More important, experience rating has had the unforeseen effect of holding back development of the program and even cutting down standards.

Reserves for Unemployment Insurance

The relative amounts of State reserves for future benefit payments differ markedly. At the end of the fiscal year, funds available for benefits represented \$181 per worker with wage credits in New Jersey, at one extreme, and at the other, \$50 per worker with wage credits in Mississippi.

The diversity of effective contribution rates and differences in benefit provisions are among the factors which cause differences in State reserves. Even if contribution rates, benefit standards, and the period of operation had been the same for all States, however, differences would have been considerable. States differ greatly in size of population, in the extent, diversity, and character of covered industry, and in other factors which affect a State's ability to insure against unemployment. A State dominated by one or two industries, for example, is likely to be far more vulnerable to sudden downswings in employment than one where industry is highly diversified. In the latter, it is not probable that all types of business activity will be affected simultaneously, and workers laid off from a depressed industry have a better chance of getting jobs elsewhere. Just as the single employer or industry is not an effective unit for bearing costs of unemployment, so the highly different geographic units represented by the States are subject to varying risks of unemployment from economic and natural factors which they themselves cannot control.

These basic limitations on the validity of the State as an economic unit for purposes of unemployment insurance have been increased and dramatized during the war. The extent of the expansion in covered pay rolls, for example, has differed greatly; from 1938 to 1942 the rise in covered pay rolls in Nevada was nearly 300 percent, and at the other extreme, in North Dakota, less than 35 percent. The impact of reconversion likewise will vary enormously according to both the extent and the character of production in a State during the war years. The timing and direction of reconversion obviously must be determined by national needs, rather than by situations within particular States. In some places dislocations, while sweeping, may be relatively brief; elsewhere, the changes will leave ghost towns or cities.

The \$5.4 billion to the account of the 51 State agencies in the unemployment trust fund at the end of the fiscal year is, in total, a vast reserve to meet the heavy obligations incurred by the State systems during the war years. The total is segregated into 51 State accounts, each of which can be drawn on only for payments under the respective State law. These separate accounts would probably be sufficient to withstand benefit drains during reconversion, even if benefits were payable in each State for 26 weeks to all eligible unemployed workers at weekly rates up to a \$25 maximum. Moreover, if any State is hard-pressed to meet its obligations it can borrow Federal funds without interest, under the provisions of a recently enacted law (Public Law No. 458, 78th Cong., approved Oct. 3, 1944). This law, however, applies only to the reconversion period. Over the whole swing of the

business cycle, some provision is necessary for pooling the greatly different unemployment risks of the States. With such pooling, a given contribution rate would finance stronger benefit provisions everywhere than are possible when risks and reserves are divided. With their present reserves, all States can improve their systems. Apart from the interstate competition in rate reductions, the major factor which impedes such improvement is the fear, in the face of varying and uncontrollable demands, of too great a drain on the State's reserve.

If severe drains should develop, part of the impact will fall directly on insured workers. The laws of several States provide that benefits shall be reduced in amount or duration if the reserve drops below a specified figure. A State system thus would fail to function fully just when it was needed most. In addition, under experience-rating provisions, employer contribution rates would tend to rise at the time when business was least able to bear added tax burdens and would thus tend to limit its ability to employ and pay workers.

Authorization of Federal loans to State systems which find their reserves running low is not, in itself, an effective device for giving the assurance needed to make the Federal-State system work. Appropriate provision for Federal reinsurance of the State systems, coupled with minimum benefit standards, would go far, the Board believes, toward effecting the purpose of this program under the Social Security Act.

Coverage

Jobs of millions of wage earners still lack the protection of unemployment insurance under the Federal-State system or the only other public program dealing with this risk, the Federal system for railroad workers. Coverage of certain of these groups, the Board believes, is immediately feasible and urgently necessary.

Only eight State unemployment compensation systems are as comprehensive as the Federal old-age and survivors insurance system in including all employers in covered industries regardless of the number of employees. An additional five States approach the coverage of the Federal system but are less comprehensive. To extend unemployment insurance in all States to employers of one or more would bring some 2.5 million additional jobs under the program. This extension would be greatly facilitated by amendment of the Federal Unemployment Tax Act to include employers of one or more, rather than eight or more, workers. Such action should be taken promptly in view of the need for subsequent State legislation and administrative action to set up wage and contribution records for workers in small firms.

Prompt Federal action also is urgently needed to provide unemployment insurance for maritime workers, a group which has seen hazardous service throughout the war and will suffer severe shrinkage of employment when the war ends. Because of the interstate character of maritime employment and other conditions peculiar to that industry, a special Federal system, as for railroad workers, is probably the best means of covering these workers in the present circumstances.

The Board also believes that Federal action is desirable to provide unemployment insurance for Federal employees, especially now when the Government employs hundreds of thousands whose jobs will be terminated as soon as war activities decline or end. Many of these

Federal employees have little of the security of tenure ordinarily attached to civil-service positions. In addition, large numbers have been drawn from private industry into Government arsenals and navy yards; when war production slows down or ceases, they will be in exactly the same position as employees in privately owned munitions plants and shipyards, but they will have no recourse to unemployment insurance. The Board believes that unemployed Government workers should not be denied the unemployment insurance protection which they would have had if they had worked for private employers instead of the Federal Government. Payment of unemployment benefits to Federal employees will help in the readjustment of our economy to peacetime employment. It will ensure that when such workers become unemployed they will register at the local employment office and will be referred to available job openings, thus enhancing the individual's opportunity for employment and the security of his family and the community.

Pay scales, leave regulations, and other conditions of employment are uniform for similar classes of Federal workers throughout the country. The Board believes that unemployment benefits for Federal workers likewise should be computed on a uniform basis throughout the country, whether such benefits are administered federally or through the State unemployment compensation systems.

Strengthening Unemployment Insurance

The recommendations on unemployment insurance in the preceding paragraphs are offered as a statement of the general direction and character of the action which the Social Security Board believes necessary, as a minimum, if the States and the Federal Government, working together, are to realize the purposes of the unemployment compensation program outlined in the Social Security Act. An additional fiscal year of administration and study of the social security program, moreover, has deepened the conviction expressed by the Board in its *Eighth Annual Report* that unemployment is essentially a national problem and can be dealt with most effectively and economically through a national system, with decentralized operation. For reasons summarized later in this report, the Board believes that one basic comprehensive system of social insurance, including specific measures to counter all major risks, is the most effective method of strengthening the social security program in the United States.

At present, however, as in the weeks following the attack at Pearl Harbor, the need is for swift mobilization and use of all our existing resources, together with the longer-range planning for future action. Many of the proposals made here can be effected by States acting individually. Others require Federal action or joint action. All demand the swift and unstinted collaboration of the States and the Federal Government if the purpose of the program is to be served in the period not far ahead when the need for unemployment insurance may be great.

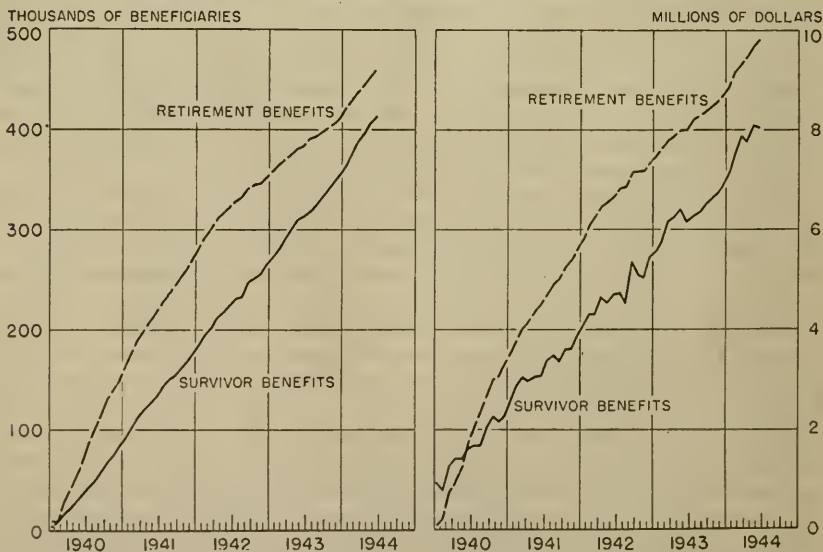
Although the States are primarily responsible for protecting wage earners against wage loss due to unemployment, there is no less a national interest in the existence, Nation-wide, of a program reasonably adequate to tide workers over periods of temporary unemployment. Otherwise the Federal Government as well as the States may be called upon to take measures less appropriate than unemployment

compensation to deal with the consequences of temporary unemployment. It appears that if the over-all national interest is to be served, and workers are to be assured adequate protection against wage loss resulting from unemployment, through State laws, it will be necessary to extend the Federal Unemployment Tax Act to additional categories of employment and to incorporate in that act additional conditions to be met by State laws if employers contributing under those laws are to receive credit against the Federal tax. Such additional conditions should ensure that eligible and qualified claimants in all States will be entitled to at least 26 weeks' benefits in a benefit year; that maximum weekly benefit amounts, including dependents' allowances if any, will be at least \$25; and that conditions which justify a temporary disqualification from benefits will not be used to cancel benefit rights. It is recognized that provision for these three requirements, without specifying in detail other elements of the benefit formula, does not preclude other provisions which might be used to restrict payment of benefits. The three suggested requirements are those which need primary attention if unemployment insurance is to make its maximum contribution in the reconversion period. They are suggested also on the assumption that the States will not make adverse changes in other parts of the program in meeting these requirements.

Old-Age and Survivors Insurance

At the end of the fiscal year 1943-44, about two-thirds of the total population above grade-school age, and four-fifths of the boys and men, held social security accounts under the Federal old-age and survivors insurance system. About 68 million persons had earned wage credits under the system at some time since its beginning in 1937. Dur-

Chart 6.—*Retirement and survivor beneficiaries and benefits certified under old-age and survivors insurance, January 1940–June 1944*¹



¹ Beneficiaries for whom monthly benefits were certified and amounts certified during each month.

ing the 41½ years in which monthly benefits had been paid, the benefit rolls had grown to include nearly a million persons—aged workers and their wives and minor children, widows and children of deceased workers, and aged parents who had been dependent on an insured worker who died without leaving a widow or child. Wartime opportunities to earn caused the temporary suspension or deferment of the benefits of 127,000 persons on the rolls. Some 650,000 additional aged workers and the wives of many of them, and doubtless also many widows and children of deceased workers, had not claimed benefits for which they were eligible, presumably because they could get or continue covered employment. In less than 5 years since the 1939 amendments to the Social Security Act established this system in its present form, old-age and survivors insurance has become a reality toward which a majority of families in the United States look for actual or potential income in the event of the death of the family wage earner, or for an assured monthly income in old age.

During the sweeping wartime changes in the composition of the labor force and the great geographic and industrial shifts of the employed population, the existence of a single system applicable throughout the United States and to so large a part of all gainful work has been of incalculable importance in affording continuous protection to workers and their families. In these years a man may have shifted from a job at a soda fountain in New York to an airplane assembly line in Michigan or a crane in an Oregon shipyard. Wherever he has gone, his earnings in covered jobs have been reported to the Board under the account number he holds throughout his life. In all parts of the country are field offices of the Board to which he can turn if he wants to know more about his rights and responsibilities under the system or to question any administrative action which affects him. This form of organization has made it possible for the Board to realize the economies of large-scale centralized operations, so that the average cost of keeping wage records in 1943-44 was only 17 cents per year for each account, and at the same time to render services to employers, covered workers, and claimants on a localized and individualized basis.

Coverage

The record level of wartime employment and earnings has resulted in a large increase in the number of persons who have earned credits toward benefits, and for many will increase the amounts of the benefits for which they or their survivors will eventually qualify. In the calendar year 1943, it is estimated, some 48 million persons earned wage credits under the system, as compared with less than 33 million in 1937, the first year for which such credits accrued. Taxable wages in 1943 reached the record level of nearly \$63 billion, averaging \$1,310 per covered worker according to preliminary estimates; in 1937 the average was \$900. From one-fourth to one-third of all wages and salaries in the United States, however, and somewhat higher proportions of all employment, have been in jobs excluded from old-age and survivors insurance; in 1943 the proportion excluded was higher than in earlier years because military and other Government service, which is not covered, accounted for so large a part of total wages and salaries. At the time of the 1940 census, probably about half of all gainfully occupied persons, including farm owners

and other self-employed persons, were in work which does not carry credits toward old-age and survivors insurance.

This limitation of coverage is the most serious shortcoming of the basic Federal system. Large groups of the population who depend on earnings throughout their lives have no opportunity to earn credits toward retirement or protection of their survivors under this or any other public system. This lack is especially great among three groups for which earnings are ordinarily low—agricultural workers, domestic workers in private homes, and self-employed persons. Together, these groups comprised some 14 million persons at the time of the 1940 census. Public employees and employees of nonprofit organizations—hospitals, colleges, churches, private social agencies, and the like—characteristically lack survivor protection, and often lack provision for retirement, under any organized plan. On the basis of the 1940 census it is estimated that, under peacetime conditions, public agencies and nonprofit organizations and institutions employ about 5 million persons.

The effect of the limitation of coverage is even greater than that suggested by the size of the groups excluded at a given time, such as the week in which a census is taken. During a year or over longer periods, many people shift between jobs in industry and commerce and work not covered by the Federal system. These shifts result almost inevitably in reducing the amount of the benefit for which an individual could qualify under the Federal system if all his employment had been covered by that system, and it may result in his inability to acquire or keep insured status. If his other work is in a job covered by some special system, such as a retirement plan for teachers or civil-service employees, division of coverage may work out in such a way that he can get only a minimum monthly benefit under one or the other, or cannot qualify under either though he may have contributed to both.

At the beginning of 1944, it is estimated, only about half the workers for whom wage credits had been entered at some time during the preceding 6 years had acquired currently or fully insured status. Of the remainder, some had died before becoming insured and others had left the labor force after only brief covered employment. These latter included women who left at marriage, many of whom will have rights to old-age or survivor benefits on the basis of the husband's wage record. Some persons had been in covered employment in only the last year. Still others worked only intermittently, such as housewives who take holiday jobs in stores or work in a cannery for a short time in the summer. A large proportion of the total, however, represents persons who do rely on their labor for their living but failed, because of the restriction of coverage, to have sufficient continuity of covered employment to gain insured status. Among these, for example, are many self-employed persons—farmers in particular—and agricultural workers, domestic workers, and others who hold covered jobs from time to time but fail to gain insurance protection.

Wartime shifts in employment have greatly increased the actual or potential injustice to workers whose jobs have been partly within and partly outside the coverage of old-age and survivors insurance. Many workers previously covered in industry and commerce have gone into Federal service in arsenals, navy yards, and offices, and are losing previously acquired insured status without gaining alternative rights.

Others who left farms and kitchens to take jobs in factories, offices, and stores have had their first chance to contribute to old-age and survivors insurance and have gained some current protection for their survivors and some credits toward retirement benefits. At the end of the war, however, many of these will return to their former work; unless coverage is extended to those jobs, they will lose whatever insurance protection they have built up. Since military service is not covered, millions of persons in the armed forces are failing to receive the wage credits which, except for the war, they would have accumulated toward insuring their families and themselves. Veterans' benefits, of course, recognize the Nation's responsibility for the families of men and women who die or are disabled from service-connected causes, but these provisions do not cover the needs of the great majority who will live out their lives in peacetime occupations.

The restriction of the coverage of the basic Federal system not only results in injustice to persons whose work is wholly or partly excluded but also unduly complicates the determination of coverage in borderline occupations. For example, considerable difficulty has been experienced in determining whether the services of thousands of workers engaged in processing and packaging operations in fruit and vegetable-packing plants are "incident to the preparation of [the commodity] for market" and therefore excluded from coverage as "agricultural labor." Difficulties also arise in drawing the line between employees and independent contractors, especially in the case of persons selling insurance, newspapers, magazine subscriptions, and the like, on a commission basis. Criteria for determining whether an organization is "organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes" are often difficult to formulate and apply. A general extension of the coverage of the old-age and survivors insurance program would minimize, if not entirely obviate, the difficulties and costs of making coverage decisions in these and numerous other situations. The persons whose usual work is excluded from the system are in as great need of the protection of old-age and survivors insurance as those whose usual jobs are covered; for some noncovered groups the need is even greater. During the past year an increasing number of individuals and representatives of the excluded groups have written to the Board to urge that coverage of old-age and survivors insurance be extended to them.

Difficult as it is to develop precise interpretative criteria, the problem has been considerably complicated by the fact that the identical benefit and tax provisions of the program are administered by the Board and the Bureau of Internal Revenue, respectively. Although considerable efforts have been made to achieve coordination of interpretation of both agencies, certain differences have persisted. Although on occasion the advice of the Attorney General has been solicited to resolve conflicting interpretations, the problem is in large measure still unsolved.

There would be no undue administrative difficulty in covering any of the excluded groups; simplified methods of reporting and recording wages have been worked out for employers such as farmers and housewives and for the self-employed. A stamp-book system could be used by employers who do not customarily keep wage records or make wage reports; stamps purchased at post offices or from rural mail carriers could evidence the amounts thus paid by the employer and the worker.

Use of a stamp system was authorized by Congress when the insurance provisions were enacted in 1935. Reporting for self-employed persons who make income-tax returns could be based on those returns; for others, on sworn statements of net earnings or the amount they would have had to pay someone else to do their work.

Immediate action is needed to maintain the protection first gained by many in the war years, to protect the insurance rights of members of the armed forces and of civilians who have been in Federal wartime service, and to extend the program to the large proportion of the labor force who still have no effective opportunity to earn its protection. The Social Security Board urges the recommendation it has made on previous occasions that old-age and survivors insurance be extended to cover all gainful occupations.

In extending the basic Federal system, it is important that newly covered groups should not lose rights they have acquired under other public provision for retirement or for survivors. Coordination of preexisting retirement plans of private employers with the program under the Social Security Act has been effected very successfully, with increase in the total benefits payable to many workers. There is every reason to anticipate similar success in coordinating provisions of the special public systems for civil-service employees, teachers, and others, with old-age and survivors insurance—strengthening and broadening the insurance protection of persons already included in such systems and providing for persons in these and other groups who now lack coverage under any plan.

Extension of coverage is the most urgent single need in old-age and survivors insurance, both because of the long-term problems and factors which have become evident in the operation of the system and because of the particular situations caused by the war. Experience has also indicated need for other modifications to strengthen the system, to make benefits more nearly adequate, to rectify anomalies and inequities which affect certain groups, and to improve provisions which have been found cumbersome or ineffective in administration. The following paragraphs indicate the more important of these needed changes.

Adequacy of Benefits

Benefits under old-age and survivors insurance are intended to represent a basic protection. A considerable proportion of the beneficiaries have additional resources, such as owned homes or other savings, commercial insurance, or pensions under employer plans. Surveys of families to which benefits are being paid show, however, that many have no resources except their benefits. Many reported that they were rapidly using up any other resources they had and did not know how they would get along when those were exhausted.

Extension of coverage so that all earnings could be counted in computing benefits would improve benefit levels for many workers. The Board believes, however, that experience in these first years of benefit payments has shown that further modifications are needed to improve the general adequacy of benefits. Such an improvement might be made by changes in the benefit formula or in the method of computing the average monthly wage, or in both. At present the "average wage" on which benefits are based is lowered not only by periods in which a worker was in noncovered employment but also by those in which he was unable to earn because of sickness, continuing disability, or unem-

ployment. Extension of coverage and determination of the average monthly wage on a basis that would exclude periods with little or no earnings from the computation could bring the benefit amount into a more reasonable relationship with the actual level of his past earnings when employed and, consequently, the income loss at his retirement or death. In addition, the benefit formula should be revised so as to assure higher benefits for low-paid workers.

Undue hardship results from the requirement of the Social Security Act that benefits must be withheld for any month in which a beneficiary earns \$15 or more in a covered job. When the Social Security Act became law, unemployment was widespread and it was thought that a requirement of this type would help to free jobs for workers who needed them more. Since insurance benefits represent only a basic amount, however, beneficiaries prefer jobs to benefits if they can get regular or substantial employment. There are, however, many potential beneficiaries who would like to give up full-time jobs if they could earn enough so that, with their benefits, they could "get along." Many, also, are not able to do or get more than casual or occasional work, but are placed in the dilemma of sacrificing either inadequate benefits or inadequate earnings. A more liberal "work clause" would remove this dilemma.

Since wives ordinarily are younger than their husbands, a worker who retires at or soon after age 65 more often than not finds that his wife, because she has not yet reached that age, cannot draw the wife's benefit for which she would otherwise be eligible. It seems clear also that women have greater difficulty than men in getting or keeping jobs when they are in their sixties. The Board therefore recommends that the minimum age be reduced from 65 to 60 years for women who otherwise qualify for primary, wife's, widow's, or parent's benefits.

For receipt of a child's benefit, the act requires that a child aged 16 or 17 attend school regularly if it is feasible for him to do so; school attendance is not required for younger children. Experience has shown that school attendance is not feasible for most of the older child beneficiaries who are not regularly in school, and administration of this provision is difficult and costly. The Board recommends that the requirement be eliminated for children aged 16 and 17.

Before the war, it was often to the interest of a worker whose earning capacity was declining to file his claim when he reached age 65 and thus "freeze" the benefit amount, even though actual receipt of benefits was postponed until some later time when he stopped work; inclusion of his later declining earnings would decrease his average wage on which benefits are based. During the war many aged beneficiaries have had a chance to earn additional taxable wages, foregoing their benefits in the meantime, and many have asked why those wages cannot be counted to increase their benefit amounts when they stop work. The Board believes that their contention is just and has developed procedures for recomputing benefits. This change will permit workers to have all their taxed wages considered in calculating their benefits when they stop work, whether or not they have previously filed a claim for benefits.

While recalculation of benefits to take account of wages earned after entitlement will help many beneficiaries who have gone back to jobs during the war, there are others whose benefits would have been greater had they filed their claims at an earlier date. The law requires

the calculation of the benefit amount as of the time the application is filed, even though the individual could have been entitled to benefits earlier had he filed a claim. The Board believes the act should be amended to permit computation of a monthly benefit as of the first date on which a worker is fully insured and aged 65 or over, or as of January 1 of any subsequent year, whichever would result in the highest benefit amount. This change would relieve the worker of the need to guess the amounts of his future earnings, and consequently the most advantageous time for filing a claim to "freeze" his benefit amount, and would in fact eliminate such advance filing of claims.

Retirement for Disability

Many wage earners cannot keep on working until they reach their sixties. In its economic effect, permanent disability is like old age, except that the result may be even more severe. When a worker becomes incapacitated at an earlier age, his family obligations are likely to be greater and he has had less opportunity to accumulate savings. The framework and organization of the Federal old-age and survivors insurance system are admirably suited to the payment of cash benefits to replace part of the wage loss of workers who are totally and permanently disabled. For the reasons summarized later in this report, the Board recommends that the program be broadened to constitute an old-age, survivors, and disability insurance system.

Contributions

Under the Revenue Act of 1943 (Public Law No. 235, 78th Cong.), which continued earlier postponements of the scheduled rise in contribution rates, employers and workers will contribute 1 percent of taxable wages until January 1945, when the rate is scheduled to rise to 2 percent each. Despite the lack of increase in the rate, assets of the fund have continued to rise rapidly. The increase which was to have been expected in any circumstances at this stage in the development of the system was accentuated by the record volume of contributions and by the failure, also due to wartime factors, of many eligible persons to claim benefits to which they could have been entitled. Much of this accentuated increase in the fund is, however, more apparent than real. The rise in contributions also reflects a rise in added obligation, much of which will not accrue for many years until the individuals concerned qualify for payments.

Benefit costs, moreover, will continue to rise for many decades after the program's inception. At present only a comparatively small proportion of the population over age 65 can qualify for insurance benefits, since most persons now over 65 had passed working age when the program became effective. A generation from now, on the other hand, a substantial proportion of aged persons will have benefit rights, since they are those who today are building up benefit rights through their present wage credits. Moreover, it is expected that by the end of the century the number of persons over 65 in the United States will be more than double the number today. The number of survivor beneficiaries will also increase for some years, since names are being added to the benefit rolls more rapidly than they are removed because of death or for other reasons. Average benefits of all types will also increase with time.

The Social Security Board advised against the postponement of

the scheduled increases in the contribution rate for old-age and survivors insurance and believes that the scheduled increase for 1945 should go into effect in accordance with existing law.

The Revenue Act of 1943 also authorized appropriation to the old-age and survivors insurance trust fund of such amounts from general revenues, in addition to contributions, as may be required to finance benefits under the system. The Board believes that a Government contribution toward financing social insurance is sound in principle if the system is substantially national in coverage so that general tax funds, paid by many persons, are used also for the benefit of the many.

Disability Insurance

The burden of substandard health in the United States is dramatized by the finding that about 2 out of 5 of the men called up have been found physically or mentally unfit for military service at the Selective Service examination, and many others have been discharged for medical reasons while in training. On the basis of examinations made through May 1944, the Director of the System reports that "of the men between 18 and 37, more than 5 million are not physically fit to assume their responsibilities as citizens in war." The great majority of these, moreover, are "not only unfit for military service but because of their defects less useful to the community in any other capacity."

These figures, of course, relate only to men, and to men in the prime of life. In the whole population a far larger number of persons are handicapped by substandard physical or mental health. Rates of sickness and disability are higher among women than among men, and are much higher among persons aged 40 and over than in the age groups called for military service. Costs and losses from temporary or permanent disability are heavy, often intolerable, drains on family income. They likewise constitute needlessly heavy burdens on public resources in the form of wasted expenditures for education, costs of dependency and delinquency, and direct public expenditures for medical care. Industry pays its share of the price in terms of absenteeism and lowered efficiency of persons who are on the job but working at less than their potential capacity.

The Social Security Board continues to be of the opinion which it has expressed on earlier occasions that lack of social insurance to meet the economic risks of sickness and disability is the most serious gap in organized provisions for social security in the United States. These risks have two major aspects—the loss of earnings by workers who are sick or become permanently disabled, and the barrier of cost which deters or prevents families at nearly all income levels from obtaining needed medical care. Cash disability benefits to offset wage loss are discussed in this section; ways to enable families to pay for medical care, in the pages following.

Volume of Disability

On an average day, at least 7 million persons in the United States are so disabled by sickness or injury that they cannot go about their ordinary business—school, work at home or on the job, or whatever it would normally be. Nearly half of these would be in paid jobs, or looking for such jobs, except for their incapacity. The other half in-

cludes children, students, housewives, old people, and others who are not in the labor force.

Of the 7 million disabled on the average day, about half have been incapacitated for less than 6 months; the remainder, for 6 months or more. For social insurance purposes, total disability is ordinarily rated as "permanent" when it has continued for more than 6 months; shorter periods are considered temporary. On an average day, the whole group of persons incapacitated from following their normal pursuits is about the size of the entire population of New York City; those who have been disabled for 6 months or more are a group about as large as the population of Chicago. Over the course of a year, about one in every three or four wage earners in the United States is incapacitated by temporary sickness or disability; in years of epidemics the rate is even higher. As Selective Service examinations and many special surveys have shown, additional millions of persons who are up and about are suffering from physical and mental conditions which limit their ability to do their full share at home, at work, and in the life of their community and the Nation.

Wage Loss From Disability

Disability usually throws a double burden on family resources. Apart from the unexpected and largely uncontrollable expenses which sickness brings, disability of the breadwinner almost always cuts down or stops family income. Loss of earnings from temporary and permanent disability runs to some \$3-\$4 billion in ordinary years in the United States; loss of working time, to perhaps some 1.5-3.3 million man-years. In its effect on family security, permanent disability is like old age, except that it involves additional medical costs and often comes unexpectedly, at a time when a worker's family responsibilities are greatest and when he has had little opportunity to accumulate savings. Loss of earnings during temporary disability is likely to cause greater hardship than losses during unemployment, because of the additional expenses which sickness commonly brings.

Existing Insurance Provisions

Few American workers have or can get insurance against permanent loss of their capacity to earn, except for work-connected injuries or disease covered by workmen's compensation laws. These causes account for less than one-tenth (perhaps nearer one-twentieth) of all disabling illnesses among persons in the labor force. Our country stands almost alone among the great nations of the world in failing to protect the great majority of wage earners against incapacity of nonoccupational origin. Thirty-one countries have compulsory social insurance for wage earners against permanent disability; the United States is the only Nation which insures workers against old age without also insuring them against permanent or chronic disability. Thirty-two countries have insurance against wage loss in temporary disability, and the United States is one of only three which insure temporary loss of earnings from unemployment without also insuring the loss from temporary sickness.

Limited protection against total and permanent disability is made for workers covered by the Railroad Retirement Act, by retirement systems for Federal employees, and certain other public or private retirement plans. One State—Rhode Island—provides cash dis-

ability benefits during temporary sickness for industrial and commercial workers covered by the State unemployment compensation law. Veterans of the armed forces receive benefits during total temporary disability for a period following their discharge. They also receive benefits for total or partial permanent disability when disability is service-connected, and in certain circumstances have this protection against non-service-connected disability. Voluntary insurance against permanent disability is very expensive on an individual basis, since the persons most likely to buy it are those who have reason to believe themselves poor risks; most commercial insurance companies have ceased to write policies of this type. Commercial insurance against loss of earnings during temporary disability has been increasing in recent years but is unlikely to help those most in need of such protection. The costs of such insurance are high for the protection it offers, and relatively few workers can and will purchase it.

Averaging Wage Losses From Disability

Costs of disability benefits represent a redistribution of existing financial burdens so that workers themselves, or workers and their employers, and government, can meet risks which now bear heavily on private and public resources. The vast total wage loss from disability in any given year falls on only a small minority of all workers' families, though all are subject to risk of loss. In a given year a relatively small group of families suffer the catastrophe of prolonged or permanent disabling illness, and their misfortunes cause heavy drains on public funds; a larger group suffer serious losses but are not reduced to dependency. Disability insurance, like life insurance or fire insurance, is a way of distributing the losses of the relatively few over the many who are subject to the risk, and of spreading the cost to the individual over a period of time. It thus reduces the individual's share to an amount he can carry, while giving every individual the desired protection.

The field organization, wage records, administrative experience, and other characteristics of the Federal old-age and survivors insurance system provide a ready framework for administering benefits for permanent total disability. Cash benefits would be provided for the wage earner whose permanent disability forces him to retire prematurely, and for his dependents, just as benefits are already being paid to retired wage earners who have reached the age of 65. The cost of permanent disability benefits would be relatively small at the beginning, as under all long-term insurance programs, and would rise as additional beneficiaries were added to the rolls. Costs would vary according to the scale of benefits established and other benefit conditions; with reasonably adequate provisions, the cost might be expected to level out at about 1 or 2 percent of covered pay rolls after provisions had been in effect for 15 or 20 years. Much of this cost would represent a transfer to contributory financing of costs now met from public funds in the form of relief or institutional care.

Substantial provision against wage loss from temporary disability and the early period of a disability which might later prove permanent could be made by setting aside an amount equivalent to about 1 percent of covered pay rolls. Obviously, provisions for the two types of benefits should be coordinated if there are separate systems for temporary and for permanent disability insurance. Coordination

is essential to prevent overlapping or gaps for workers whose incapacity continues, and to ensure that benefit amounts will represent an appropriate proportion of wage loss during the initial weeks or months of disability and a somewhat lower proportion over prolonged periods, when the family presumably can make some adjustment to the loss of earnings. As against separate systems, however, there would be many obvious advantages in unifying administration of both types of disability benefits, and such a plan deserves careful consideration.

The Social Security Board believes that social insurance against permanent and temporary disability is needed in the United States and is feasible at this time from the standpoint of both administration and costs. The economic impact of permanent disability is so severe for the families concerned and so costly to the public that the Board believes it important to establish permanent disability insurance if provision of both types of disability benefits cannot be undertaken immediately.

Medical Care Insurance.

Health among a people depends on many factors other than medical care—among them, the amount and distribution of national income, the level of education and of sanitary safeguards, and climate and other environmental factors. Because the United States is the richest of the nations and is known throughout the world for its natural advantages and its progress in education, sanitary controls, and scientific achievement, it is often declared that Americans, as a people, stand first in health. It is argued that our present arrangements for making medical services available to individuals are fully justified by our health record.

Security of Life

Available statistics do not bear out the claim that the United States is the healthiest nation. Probably the best single basis for international comparison is the death rate among babies in their first year of life. In the years preceding the war in Europe, according to statistics of the League of Nations, 7 countries had lower infant mortality rates than the United States. From 7 to 11 countries—the number differing for various age groups—had lower death rates among children and adolescents, and 20 or more countries had lower rates among persons aged 35–64.¹ Death rates among the Negro population in the United States are typically higher than those of white persons. Even if international comparison is restricted to the white population, however, our death rate is by no means the lowest. In the expectation of life for white boys at birth, the United States ranked fifth among the pre-war nations; for white men at age 20, it ranked ninth; at age 40, twelfth; and at age 60, thirteenth.

Despite past progress in preventing sickness and prolonging life, the United States has not yet achieved for all its people—and in particular for those in the working ages—the level of security of life

¹ From tables in *Statistical Year Book of the League of Nations, 1941/42*, pp. 40–41, 62–67; and League of Nations, *Annual Epidemiological Report for the Year 1938*, pp. 65–67.

which has been attained in some other nations with much smaller economic resources.

Progress in Public Health

Much of the spectacular progress in lowering the general death rate in this country has been in preventing deaths from the communicable diseases of childhood and from typhoid fever, tuberculosis, and pneumonia and influenza. Between 1900 and 1940 typhoid fever and diphtheria were all but wiped out, and death rates for other communicable diseases in this group were cut down by from 60 to 90 percent. For all other causes of death taken together, the decline was only 16 percent. The decline in the general death rate in recent decades has been due chiefly to the decline in certain infectious diseases which have been controlled largely through public measures for sanitation and various other activities of public health departments.

This progress is still spotty. If all States had had as low an infant mortality rate as one State had in 1942, some 35,000 babies could have been saved. If, in 1941, all States had had the tuberculosis rate of the lowest State, some 42,000 deaths could have been prevented, mostly deaths of men and women in the productive ages. This was about the number of the Nation's war fatalities at the end of nearly 21½ years of fighting.

It is not an accident that deaths which could have been prevented through accepted public health measures and sanitary controls are relatively the most numerous in States which lack adequate facilities for controlling such diseases and spend inadequate amounts for public health. Hundreds of thousands of lives could be saved each year, and additional hundreds of thousands of families saved needless suffering and expense, if the time-tested public health measures now actually in effect in some parts of the country were in full use everywhere.

Present Burdens of Sickness

A much larger part of the existing burden of ill health, disability, and postponable death now comes from illnesses which cannot be prevented or controlled by methods which automatically protect the whole community. Full use of the resources of modern medicine to reduce suffering, prevent disability, and prolong vigor and life demands increasingly the services which doctors must give patients individually, one by one. Such care also demands increasing use of necessarily costly facilities and techniques.

With progress in saving lives of babies and children, a growing proportion of the population lives to middle age and old age, when the most important causes of disability and death are diseases of the heart and arteries, cancer, and other chronic ailments. Most of these kill slowly, after a long period of illness and gradually increasing disability. Many of them attack in the years of life when responsibilities for family support are heavy. Disability insurance, as well as medical care insurance, would be of particular importance in encouraging workers to seek medical advice at an early stage, when adequate care might prolong their usefulness and their lives. They would know that, if the diagnosis was what they feared, some support would be at hand for them and their families. Most people will not go to

doctors until they have to if they know that loss of earnings will mean catastrophe to the family or fear that they will not be able to pay for the care they need.

General morbidity rates and death rates are averages, made up of the experience of groups who have been able to benefit from all advances in scientific knowledge and skill, and of those who have had scant share in this progress. Sickness comes oftener and lasts longer, and death comes earlier, in the homes of the poor than of the well-to-do.

Reasons for Lack of Care

To some extent, the inadequacy of the medical care received by the American people as a whole is due to the fact that some places, especially rural areas, lack adequate medical and hospital facilities. These are areas where average income is low. Present resources for medical care are unevenly distributed, because hospitals tend to cluster in cities where large numbers of persons seek their services and financial resources are ample, and doctors also locate in cities and towns where they find hospitals and laboratories and a better chance to earn a living. Even when medical facilities are ample, however, a considerable part of the capacity of hospitals and the time of skilled practitioners goes unused in ordinary years, though in the same places there are sick people badly in need of services. Ignorance and inertia have some part in the failure of people to get medical services they need, especially early in illness when services are most valuable. By far the most important reason, however, for the lack of needed care and for the volume of "charity" required of doctors, hospitals, and the public is the present method of paying for medical care—when sickness is at hand and family income is likely to have been cut down or stopped.

Methods of Paying Medical Costs

In an ordinary year the American people pay about \$4 billion for all civilian health and medical services, including costs of hospital construction. Of this total, about four-fifths comes from private funds and one-fifth from public funds. The total expenditure, governmental and private, for all health and medical services is equivalent to about \$30 a person a year. But in any year some families pay little or nothing to doctors and hospitals, while others pay hundreds or even thousands of dollars. The difficulty with medical costs is that no family can know how much or how costly medical care they will need or can limit their needs for care to what they can afford. If costs could be averaged for the types of medical services which are ordinarily bought individually, most self-supporting families could pay for adequate medical care without hardship.

Tax-supported care.—For certain major forms of medical care or care of certain groups in the population, much or all of the cost has been "averaged" through payment from the tax funds to which the whole community contributes, not merely the sick person or his family. In 1943, for example, 97 percent of all beds in hospitals for mental and nervous diseases were in publicly owned and operated hospitals, and 85 percent of all beds for tuberculous patients were in tax-supported hospitals. These types of long-continued care obviously are too costly for any but the richest families to bear individually. These diseases, moreover, have long been recognized as endangering public

health and safety and leading to public costs for broken and dependent families.

The Federal Government, again for obvious reasons, has always been responsible for medical care of the armed forces. In addition to care of service-connected injuries and illnesses, moreover, by the end of the war some 16 million veterans will be able to receive publicly supported medical care for non-service-connected conditions through veterans' facilities.

From colonial times, care of the sick poor has been considered a public responsibility, though often provided very inadequately if at all. It is estimated that total public expenditures for medical care of the indigent and low income groups—including expenditures of the Federal Government, the States, and their localities—are at least \$150 million a year.

Most of the care given under the arrangements outlined above is "state medicine" in the sense that it is financed from public funds, is given through publicly owned facilities, and is given for the most part by physicians or others paid directly by government agencies. It represents not only a method of financing costs but also a way of organizing medical and institutional practice. Since "state medicine" has ordinarily been used as a term of opprobrium, it should be pointed out that some of these areas of medical service, notably care of mental illness and prevention and care of tuberculosis and other communicable diseases, are those in which progress has been outstanding and for which the United States is known favorably throughout the world.

Insurance methods.—Another group of arrangements has been developed in the United States through which costs of medical care are distributed among employers or the individuals directly concerned, or both, without recourse to tax funds.

Costs of medical care for work-connected injuries, and in some States also of occupational disease, are insured under State or Federal workmen's compensation laws; only one State lacks such legislation. These laws make costs of industrial accident and disease a part of the cost of production.

In recent years a large number of middle-class families have been able to average some of their medical costs through membership in voluntary prepayment plans. The membership of Blue Cross plans, which cover certain hospital bills, includes about 15 million persons, or about 11 percent of the population. Voluntary prepayment plans for medical care, established by industry, medical societies, and community and other groups, probably cover about 4 or 5 million persons, about half of whom are counted in the number covered by Blue Cross plans. These families pay a regular fixed amount each month and know that, within limits fixed by the contract, their hospital or other medical bills will be paid if they become sick. Contracts are commonly restricted to surgical expenses or fix extra fees for some services. In addition, commercial insurance companies sell policies—usually to indemnify hospital or surgical expenses or both—on an individual and group basis. The scope of the protection is always limited and often is restricted to care of accidental injuries. All in all, possibly from 30 to 35 million persons have some protection against hospital and medical costs under the Blue Cross and other voluntary prepayment plans and commercial insurance. Comprehensive protection against medical and hospital costs is limited to a few million.

Workmen's compensation and the other arrangements mentioned above are forms of insurance. They are ways of distributing and paying costs, not forms of medical practice. In one way and another, they help to cut through the barrier of costs by distributing medical care expenses over the whole group of insured persons, the well and the sick, and by distributing the costs over periods of time—the years of earning as well as the weeks or months of sickness. In the usual voluntary prepayment plan, a patient picks his doctor or hospital from all participating in the plan; doctors and hospitals decide whether or not they wish to join such plans. These plans cause no change in the personal relationship between a doctor and his patient, except to wipe out misgivings of both about the bill and to lessen the other important failing in that relationship—that so many people have no relationship with any doctor.

All the voluntary forms of medical care insurance mentioned above are fulfilling valuable functions in their limited sphere. They are necessarily more costly than the arrangements which could be evolved with wider sharing of sickness risks and with the administrative economies feasible for larger units. Their great shortcoming is that they reach so small a part of the population and fail to reach those who have the greatest need of medical care insurance. From the standpoint of both the public and the families concerned, the great majority of the population must have some better way to pay medical costs if American families are to achieve the level of health and economic independence which our national resources should assure.

Compulsory social insurance.—Neither the course of present developments in this country nor experience in other countries which have tried voluntary health insurance gives any indication that comprehensive and adequate arrangements to insure medical costs can be made in any way except through a compulsory insurance system. In this aspect of health security the United States faces a situation not unlike that in old-age security a decade ago. At that time, many employers had established sound retirement systems for their workers; some persons had banded together to provide for themselves as a group or had made adequate individual provisions through annuities or other forms of commercial insurance. It was clear then, however, as it is clear now for medical care insurance, that these voluntary arrangements could not be expected to extend to even a majority of the population in need of insurance or to the groups whose needs were greatest.

Medical care insurance would enable self-supporting families to pay for and get needed medical services without any important alteration because of the insurance system in present forms or organization of medical practice. Moreover, families dependent on public funds could be covered through payment of contributions on their behalf by the agencies administering assistance. They thus would receive care in the same way in which others receive it; the stigma and, typically, the inadequacy of "poor-law medicine" could be wiped out.

Contributions equivalent to about 3 percent of annual earnings would pay for adequate basic medical and hospital services for both workers and their dependents. A more comprehensive system would cost the equivalent of about 4 percent. These costs would be no more than now is spent by families on the average. They are less than the average expenditure by families in the low income groups, since, contrary to the general impression, low-income families spend, on the average,

a larger proportion of their incomes for medical care than families in better circumstances, though—because of their more frequent and severe illness—they receive much less in relation to what they need.

Public discussion has centered around three alternative methods of providing medical care insurance. It has been suggested that it could be established on a State-by-State basis, without participation by the Federal Government. It could follow the pattern of unemployment compensation, in which Federal legislation gave inducement to States to enact laws and establish insurance systems. Or, following the analogy of old-age and survivors insurance, it could be established as a Federal system.

For reasons outlined in the following section of this report, the Board believes that it would be simplest, most economical, and most effective to establish comprehensive protection through Federal legislation, while providing authority to utilize State agencies and other facilities. In any event, administration of benefits should be so decentralized that all necessary arrangements with doctors, hospitals, and others would be worked out on a local basis. The general pattern of arrangements with hospitals and doctors should be developed with the collaboration of professional organizations and with careful regard for regional, State, and local circumstances. In each area of administration—local, State, and Federal—policies and operations should also be guided by advisory bodies representing those who pay the insurance contributions and those who provide the services.

The much-advertised fears of "socialized medicine," "regimentation" of doctors, hospitals, or patients, loss of the patient's freedom to choose his doctor, and deterioration of quality of care can be made wholly groundless. A system of medical care insurance can and should be so designed as to avoid these disadvantages. By making services readily available to those who need them, without fear of the costs, the quality and effectiveness of service may be improved, and the incomes of doctors and hospitals may be made better and more secure. If, at the same time, professional education, research, and the construction of needed facilities are financially aided, progress in medicine and improvement in national health can be greatly accelerated.

Interrelationships of Social Insurance Programs

In the United States, as in other countries, various forms of social insurance have been established at different times and under various laws and auspices. Gaps, overlapping, and conflicts inevitably result from this piecemeal development. Similar anomalies arise in the relationship between particular forms of social insurance and other public programs which serve similar purposes. It is wholly proper but nevertheless anomalous, for example, that the one large group for whom comprehensive public medical services have been assured for the future consists of ex-servicemen, who—apart from war injuries and the special strains of combat service which some fraction of their number will have suffered—presumably will have less need for the medical care provided for non-service-connected conditions than men who were rejected for military service just because of their substandard health or than older persons, children, and women.

Many of the gaps, duplications, and illogical distinctions which arise in the operation of existing social insurance programs result from their

various limitations in coverage. It is illogical, for example, that a man who drives a truck for a commercial firm is covered by old-age and survivors insurance while one who drives for a hospital is not, or that, in some States, the man who drives the truck for a little business is barred from unemployment insurance while across the street men doing exactly the same kind of job for a larger concern have this protection. Coverage differences also result in the illogical and unjust situation mentioned earlier, in which some persons who hold successive jobs covered by different public programs (for example, old-age and survivors insurance and a retirement program for public employees, or a State unemployment compensation law and the Railroad Unemployment Insurance Act) find themselves, because of that division of coverage, without rights under any program when they need insurance benefits. Dual coverage also may lead occasionally to dual benefits and an amount incompatible with the purposes of social insurance.

The diversity of programs results in large differences in the protection available to workers in similar circumstances. In one State, for example, a worker with a given amount of covered employment and earnings is eligible for an unemployment benefit of \$20 a week for 20 weeks, or \$400 in all, if he continues to be unemployed; in another State, a person with exactly the same wage and employment record will receive less than half that amount, that is, \$15 for not more than 11 and a fraction weeks.

Incompleteness of social security provision results in other situations which workers find it particularly hard to understand. An insured worker who is unemployed and is about to draw his first weekly benefit may meet with an accident or may fall sick. If he is unable to work, the benefits he otherwise would receive cannot be paid to him—though his need for them may be greater than if he were well and unemployed—since unemployment benefits are payable only to persons who are able to work and available for work. Likewise, the permanently disabled worker who has contributed to old-age and survivors insurance finds it hard to understand why he and his family cannot receive any benefits before he reaches age 65. If he had died, he may argue, his widow and children could have survivor benefits, but if he lives and is wholly incapacitated, they receive nothing before he reaches retirement age, though their burden is even greater. Moreover, if he is unable to work for a long time, the gap in his wage record and reduction in his average wage under the system will reduce the amount of any benefits eventually payable to him and others in his family, or may even deprive the family of all rights to benefits on the basis of his wage record. These limitations are inherent in the character of the existing program.

In 1935, when the Social Security Act became law, the United States had no extensive experience in any form of social insurance except workmen's compensation. Moreover, little was known of many factors basic to the establishment of insurance programs—such as the extent and character of unemployment, internal migration of workers and their families, or levels of annual earnings of various groups and at different ages. The insurance provisions of the Social Security Act were limited, as a beginning, to the two causes of wage loss which then appeared most serious—old age and unemployment. They also were limited to the groups whose coverage could be effected most easily, to facilitate organization and administration at the beginning of the

program. Two different approaches were made to administration, after discussion of various alternatives: the Federal system adopted for old-age and survivors insurance and, for unemployment compensation, State administration under laws enacted as the result of the incentives furnished by the Federal act. The latitude left for State legislation, it was pointed out, gave room for experimentation and improvement in a program for which there was no precedent in the United States except the doubtful analogue of workmen's compensation. The Social Security Board was made responsible for studying ways of providing economic security through social insurance and recommending legislation to Congress.

Preceding pages of this report outline the major specific changes in existing programs under the act which the Board, in the light of its operating experience and studies, believes necessary at this time. They also summarize the reasons for and general character of the Board's recommendations for extension of the scope of social insurance. In addition, the Social Security Board wishes to emphasize its belief that the most effective and economical method of organizing provision for social insurance in the United States is through a single comprehensive national system, establishing a basic minimum protection, with which special or additional programs could be coordinated.

The major characteristics of such a system were outlined in the Board's *Eighth Annual Report* to Congress and will be given here even more briefly.

A single social insurance program would necessarily be established under Federal law. Its administration should be decentralized. Experience in the operation of old-age and survivors insurance shows clearly the simplicity and economy of this form of operation and the feasibility of giving individualized services through local offices which become a part of the community in which they are established. An example better known at present to most people is the postal service. Carrying the mails was once a private business or a local responsibility. It is now unthinkable that there should be different postal rates or services in different parts of the country. Yet while the same provisions underlie the system, each post office is an agent of its community.

Since social insurance bears directly on the interests of various groups of the population, it is important also that in any area of operation—local, State, or Federal—there should be advisory councils and appeals bodies. Such bodies should provide for appropriate representation of the general public, contributors to the system—workers and employers—and special interests relating to particular activities, such as the hospitals and the medical profession.

A comprehensive basic system should afford insurance against involuntary loss of earnings for all the common reasons not within the control of individual workers—temporarily, during sickness or involuntary unemployment of the breadwinner, or for longer periods, during chronic disability or old age, or at the worker's death. It should include medical care insurance. Inclusion of all these risks in a single system would make it possible to establish proper relationships between the amounts and duration of benefits under the several programs, to avoid gaps and overlapping, and to achieve the simplicity and economy of a single administrative framework.

Under adequate benefit provisions, moreover, there would be equity

to workers throughout the country. It is often argued that State systems of social insurance make it possible to adjust benefits to differing levels of wages and levels of living in different areas. This contention ignores the fact that the differences within a State are as wide as those among States. More important, it ignores the fact that when benefits are computed as a percentage of past wages, within minimum and maximum limitations, adjustments to wage differences, and thus to levels of living, are made automatically. Average benefits under old-age and survivors insurance, for example, are lower in communities where prevailing wages are \$15 a week than in places where they are \$25, \$30, or \$40. In any place, however, the worker who has paid contributions on average earnings of \$15 a week, or any other given amount, will get the same benefit that workers with the same wage records receive elsewhere. If he earns and contributes more, he will receive more, regardless of the State in which he works.

Coverage of all risks should include all gainfully occupied persons, except that unemployment insurance and temporary disability insurance, at least for the first few weeks of disability, cannot suitably be provided for self-employed persons without a practicable test of their loss of earnings through "unemployment" or in brief periods of disability. Self-employed persons should be immediately included, however, in permanent disability insurance and medical care insurance as well as in old-age and survivors insurance.

Under such a system, there would be a single local office through which workers and employers could learn about their rights and responsibilities under any aspect of the program and at which a worker would make his claim for any form of cash benefit to which he was entitled. Only one wage record need be kept for him, instead of the parallel records now necessarily kept by the Federal Government for old-age and survivors insurance and by the States for unemployment compensation because of differences in law and administration. Only one contribution need be paid on his behalf, and one employer report would give all the information needed for any of these purposes.

At present, an employer whose business extends into all States may have to make as many as 53 Federal and State tax returns in a quarter for old-age and survivors insurance and unemployment compensation alone. Under the dozens of laws which thus might concern him, reporting is further complicated by differences in coverage provisions and interpretations, in tax rates, and required forms and dates for reporting. Such differences between State and Federal law and rulings cause difficulties on a smaller scale for employers who do business within a single State but add appreciably to business costs for small as well as large concerns. They add likewise to the difficulties and costs of public administration, State and Federal.

For employers who do not ordinarily keep wage records or make wage reports, including housewives who employ domestic workers or farmers with hired hands, a stamp-book system could be used to record all social insurance contributions. Reporting by self-employed persons could be geared in with income-tax reporting.

The Board believes that at least a substantial part of the cost of a comprehensive social insurance system should be financed through contributions paid by insured workers and their employers. Because a large proportion of the population would be covered, a Government contribution from general tax funds would eventually be warranted.

A three-way division of costs would make possible equitable and rational assessment of the three types of responsibility for social insurance protection—individual, industrial, and social.

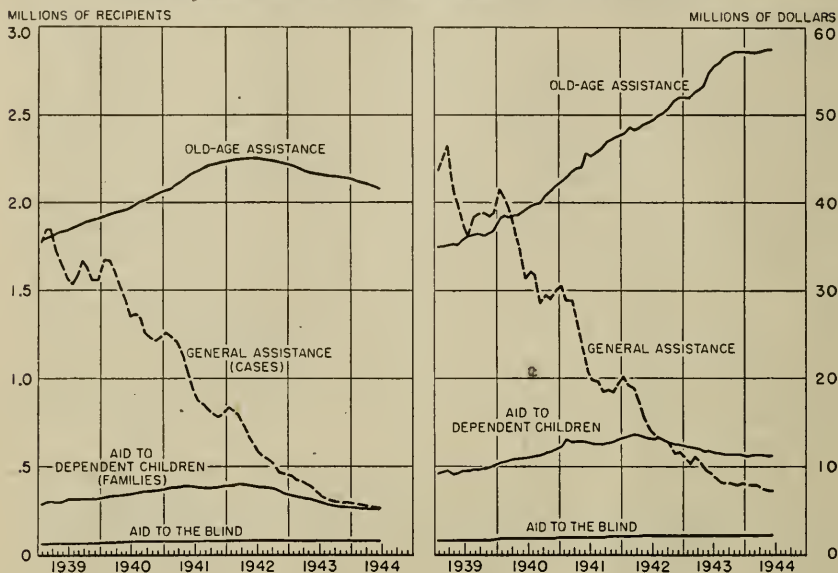
Costs of a comprehensive system must be considered in relation to the circumstances that exist in its absence. Substantially the same costs are present whether or not there is a social insurance system, in loss of earnings in unemployment, old age, or through the disability or death of the wage earner, and in individual expenditures for medical care and hospitalization. When social insurance is lacking, these costs are borne by those who suffer the income loss or face heavy costs of medical and hospital care, and by the public which pays the taxes to support public assistance and social services. Social insurance against these risks merely redistributes over the entire population the large losses incurred by a part of the population: all assume a relatively small cost, and large costs that otherwise would fall on unfortunate individuals are avoided or minimized. Moreover, any new costs that social insurance brings are more than offset by improvements in health and productivity, and by the gain in public morale and freedom from fear.

In proposing that a Government contribution play an important role in the eventual financing of the comprehensive system, the Board is under no illusion that this method of financing shifts a part of the burden to some vague and impersonal entity. It realizes fully that such a contribution means increased levies on general taxpayers—that is, the Nation's population. The Board believes, however, that a part of the payments toward a comprehensive social insurance system should be derived in the manner in which general tax revenues are derived. Among other considerations, this method obtains a portion of the needed revenue from persons with higher income who do not make a substantial payment toward national social insurance so long as revenues are derived wholly from pay-roll taxes. Moreover, under a comprehensive system of social insurance the net burden on public funds would be offset in considerable part by a gradual reduction in the costs of public assistance and of various social services financed by general taxation which must be provided when social insurance is inadequate or lacking.

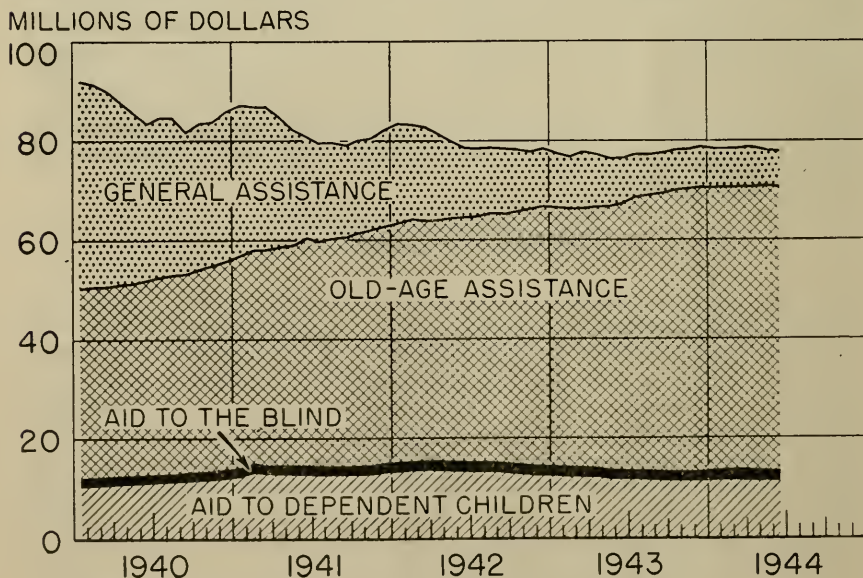
Public Assistance

Abrupt changes in the volume and character of employment and in family incomes and living arrangements will cause special needs for assistance during the transition to peace. Towns have mushroomed in places which cannot support their wartime population when war production falls off or stops. Stranded newcomers may need help in getting to places where there are jobs and in reestablishing themselves. Some boom communities are in areas which have never been able to give any or adequate public aid to needy members of their permanent populations. Even if arrangements for demobilizing industry and the armed forces are generally effective and social in-

Chart 7.—*Recipients and assistance payments under public assistance programs in the continental United States, January 1939–June 1944*¹



*Public assistance payments in the continental United States, January 1940–June 1944*¹



¹ Includes data for programs administered without Federal funds.

insurance provisions are strengthened, the rapid course of events which neither individuals nor nations can control is likely to bring sudden and urgent demands for assistance in some areas.

Throughout the country, moreover, need will continue among the aged, children who lack parental support, the blind, and other groups who made up the more than 3.5 million persons receiving assistance while wartime activity was at its height. Among old people, children, and the handicapped, need will be accentuated by decreases in opportunities for self-support or decline in earnings of other members of the family, or by discontinuance of servicemen's allowances, just as need has been lessened by these factors during the war.

Whatever the effectiveness of social insurance, public assistance is its essential complement in a social security program. Social insurance is necessarily designed to meet the common needs and circumstances of large groups of people. At any time some persons are outside these groups. Within the insured groups, moreover, some persons will suffer a catastrophe or a combination of circumstances so serious that its effect exceeds their personal resources plus their insurance benefits, which must be scaled to amounts that can be financed for all insured persons. Public assistance is needed to complement social insurance for people like these and to provide for persons and for needs not covered by existing social insurance arrangements.

By June 1943 all the Federal emergency programs for public aid instituted in the 1930's had ended, as national defense, then war, opened up opportunities to work. Except for the small war emergency programs discussed later in this report, assistance under the Social Security Act to the needy aged, needy blind, and dependent children was the only form of direct public aid in which the Federal Government participated financially in the fiscal year 1943-44. General assistance, financed wholly by States and localities, was the only other form of direct public aid to needy persons. The past 9 years' experience in the operation of public assistance under the Social Security Act has indicated the need for several important changes in these programs, through Federal or State action or both, and the existence of important areas of need not met through any assistance program. Lack of a comprehensive program of social insurance and the impending uncertainties of the reconversion period accentuate this situation.

The most important deficiencies in assistance programs are due, the Board believes, to the basis of Federal financial participation in State assistance programs and limitations in the scope of this participation. The following pages outline major aspects of these deficiencies.

Basis of Federal Grants to States

Under the Social Security Act, the Federal Government matches, dollar for dollar up to a given amount a month, the assistance payment made to a needy old or blind person or a dependent child under a State plan approved by the Social Security Board. Within the limits on Federal matching, the amount of the Federal grant to the State for any of these assistance programs, therefore, is fixed by the amount provided by the State, or the State and its localities. States differ greatly in income and therefore in potential capacity to finance

adequate assistance programs. In 1943 per capita income ranged from \$1,452 in the high State to \$484 in the State where average income was least. Average income increased in 1943 in all but one State, where it already was high, but the range and ranking remained about the same as in 1942. States with a high level of income can make relatively large appropriations for public assistance and thus qualify for relatively large Federal grants, though the extent of need among their people may be less than it is in States which can afford only small amounts and get only small Federal grants.

Studies of the Board have led to the conclusion that differences in the economic and fiscal capacity of States are the greatest single cause of the even wider variations in levels of assistance. Among States administering public assistance under the Social Security Act, average payments for each of the three special types of assistance in June 1944 were about four times as much in the highest State as in the State where the average was lowest. In general assistance, financed wholly from State and local funds, differences were even greater, and the average in the highest State was more than six times that in the lowest.

The average assistance payment in each State is made up, of course, of differing individual amounts, since the payment to a recipient supplements what resources he himself may have: individual assistance payments under these four programs range from a few dollars a month to—in a very few States—more than \$100 for an occasional recipient in exceptional circumstances. A low average for a State might be due to the fact that the recipients on the rolls needed only small amounts to supplement what they themselves had. Actually, however, the low averages occur almost without exception in States where per capita income and fiscal resources are low. The low averages result, in general, from the meagerness of payments to persons who have little or nothing but their payment. In such States, moreover, some needy persons eligible under the State law may get no aid whatever because funds are lacking.

The Social Security Board reaffirms a recommendation made in earlier reports that special Federal aid for public assistance be provided on an objective basis to States with low economic and fiscal capacity. Such provision is essential if standards of assistance are to be equitable and more nearly adequate in all States. Just as the Board believes that the Federal share should vary with economic capacity of the States, it believes that Federal and State funds should be distributed to localities in relation to their needs and, where the localities participate in financing, also in relation to their financial ability.

Federal Matching Maximums

Other inadequacies in assistance arise from the limitations of the Social Security Act on the extent to which Federal funds may be used to match individual payments. The effect of these matching provisions is especially serious in aid to dependent children. For old-age assistance and aid to the blind, Federal funds may be used for half of payments up to a Federal-State total of \$40 a month; for aid to dependent children, the matching maximum is only \$18 for the first child and \$12 for each additional child aided in the same home, and no separate provision is made for the adult or adults who care for the children. If, for example, a State agency pays \$40 to an aged

person, the Federal Government reimburses \$20. If the agency pays \$40 to a mother who cares for a dependent child, the Federal share is only \$9, though two persons, instead of one, rely on the payment for support.

States may, and many do, pay amounts above Federal matching maximums wholly from their own funds, especially in aid to dependent children. The discrepancy among the three programs in the requirements for Federal matching helps to explain why payments for aid to dependent children are disproportionately low, though States themselves met 63 percent of total assistance costs under this program in the fiscal year 1943-44 as compared with 52 percent for old-age assistance and aid to the blind. By law or administration, however, almost half the States limit all payments under an approved plan for aid to dependent children to amounts which can be shared equally with the Federal Government. Although the Social Security Act was amended in 1939 to permit 50-percent matching of aid to dependent children payments, instead of one-third, the low maximum which will be matched in any case still limits the Federal aid to little more than one-third of the amount spent for this purpose.

The maximums in the Federal act thus hold down assistance for many recipients whose need is great, especially families with only one or two dependent children. Assistance of \$18 a month for a mother and child, or \$30 for a mother and two children, does not give enough to live on unless the family has other resources. Nor is \$40 a month enough for an aged or blind recipient who must share his resources with others in the family, or for a person who is acutely ill.

The Social Security Board recommends that the matching maximums be increased for all three assistance programs. For aid to dependent children, the Board believes, the Federal matching maximums might well be removed entirely. The fact that State funds also are used is a sufficient safeguard against undue liberality.

Increasing the maximums would not, in itself, be effective in improving standards of assistance in the States where payments now are least adequate, since most such States are unable to take full advantage of Federal matching within even the present limits set by the Social Security Act. Coupled with special Federal aid to low-income States, it would be of much value in helping to improve the lot of recipients whose need is greatest.

Other Restrictions in Aid to Dependent Children

Other restrictions in aid to dependent children arise from limitations in the reasons for giving assistance and in requirement of school attendance for older children. Federal funds may be used only for children who have been deprived of parental support or care by the parent's death, incapacity, or continued absence from the home. The Federal Government does not share in aid to children whose need may be equally serious because of the parent's unemployment or underemployment. The Board recommends that matching Federal funds be made available under approved plans for any needy child living in a home maintained as his own, whatever the reason for his need.

Federal funds also may not be used for children aged 16 or 17 unless they are attending school regularly. For some such children appropriate school facilities are lacking; others may be ill and unable to attend school or may lack capacity to profit from continued schooling.

In the many places where assistance is inadequate, an older child may have left school to help support younger children, but the total income of the family may still be less than they need for subsistence. School attendance as a factor in eligibility is not required for children below the age of 16. It seems that need is a sufficiently controlling factor without school attendance as a safeguard against subsidizing employed children. The Board recommends that the Federal act's requirement of school attendance for the older children be removed.

Medical Care

The incidence of sickness is high among persons on the assistance rolls, as among others with low income, and especially among children and the aged. Sickness and disability are themselves the reasons why many have had to ask for assistance. About one-third of the children are accepted for aid to dependent children because of the incapacity of a parent, usually the father, though no specific provision is made for care which might restore these families to economic independence. The vision of a substantial proportion of persons receiving aid to the blind could be improved or conserved by appropriate medical care, and the health and happiness of many aged recipients could be enhanced.

Under the present provisions of the Social Security Act, Federal matching of medical expenses of recipients may be obtained only if such costs are included when determining the amount of the assistance payment. Medical needs are typically irregular and unpredictable and are likely to cause large expenditures in a brief period. Such costs cannot properly be included in a budget providing for regular equal monthly payments. Lack of funds for assistance and the effect of Federal and State maximums also make it difficult or impossible to include sufficient amounts in the monthly payment. Few recipients have access to prepayment plans for medical care, and it is difficult otherwise to utilize Federal funds for such purposes under the present provisions of law, which call for unrestricted money payments to recipients—that is, payments not limited to specified purposes.

Establishment of a comprehensive system of medical care insurance would enable public assistance agencies to insure medical costs and assure care of recipients by paying an appropriate contribution into the insurance fund on their behalf to cover costs of their care. They would then receive care just as other insured persons received it in the community. In the absence of an insurance program, the Board recommends that use of Federal funds be authorized to share costs of medical care for persons on the assistance rolls, under agreements between the State assistance agency, hospitals, and medical practitioners and agencies. Federal reimbursement should be based on costs incurred under all three programs, to permit wider pooling of funds and greater flexibility in their use. Care should be provided for parents of children receiving aid to dependent children, both to help restore the parent's earning capacity and to protect the children.

General Assistance

General assistance is typically the only form of public aid for needy unemployed persons, for persons who have earnings too low for self-support or family support, and for other needy persons and families not eligible for the special types of public assistance. It is typically

the only form of public aid which can be used to supplement payments under assistance programs and to meet particular needs, such as need arising from sickness and disability or from the failure of an individual's social insurance benefits to meet his subsistence requirements. General assistance is provided under State laws and is financed without Federal participation. In about one-fourth of the States, general assistance is wholly financed and administered by the localities without State supervision or other participation. In the country as a whole, it is operated by some 10,000 localities.

Because of the localization of administration and support, general assistance varies far more widely among and within States than the special types of public assistance. In a high-income State, the number of cases receiving general assistance may be 30 times as great, in relation to population, as that in a low-income State where need presumably is more extensive. There are areas in several States where no general assistance is provided. Moreover, chiefly because of insufficient funds, general assistance agencies often have excluded whole groups from eligibility, such as all families with an employable member, whether or not employed; all families receiving any other form of aid, even though insufficient; all aliens; and so on. In general, provisions for general assistance are more nearly satisfactory and payments are higher in cities than in rural areas.

Doubtless because of its traditionally local development and the large financial responsibility borne by local funds, general assistance is further hemmed in by the network of settlement laws which are very costly to administer and are anachronisms in the mobility of present-day living. The length of residence required for legal settlement varies from place to place, and settlement may differ among members of a family. On the other hand, a family may not be able to prove its settlement status because it depends on the status of the parent or spouse who is away from home. It is not uncommon for people who have moved about to find they are without settlement in any State or locality.

During the reconversion to peace, many marginal workers and supplementary workers will be crowded out of jobs, often with only minimum rights or no rights to unemployment benefits. Other families, whose workers lose their jobs to returning veterans with prior rights or because the plant shuts down, will be without earnings for at least a time and often will have to incur unusual expenses to move to other places. The flexibility of a comprehensive and adequate program of general assistance with no eligibility condition except need will be required to ease the strain of changes which will affect all parts of the country. It is needed, moreover, during ordinary periods to cope with the strains which at any time fall on some members of the population.

The Social Security Board recommends that Federal funds be made available to States to share costs of general assistance.

State Requirements

The Social Security Act establishes only very general conditions with which a State assistance program must conform if the State is to receive a Federal grant for assistance. Within these conditions, States themselves determine who shall receive assistance and in what amounts. States differ widely, in accordance with their traditions,

policies, and resources, in requirements governing eligibility for assistance, such as residence or citizenship requirements, and in methods of determining need and establishing the amount of the assistance payment.

As a result of legislative and administrative restrictions in State programs, many States fail to take full advantage of the availability of Federal funds for needy persons who could be aided under the special types of assistance. Some of these people may be receiving another form of public support, such as general assistance; others lack any public aid. Through its regional staff and in special communications, the Board has recommended that all States follow, insofar as their resources permit, the example of some States which already have abolished residence, citizenship, or other eligibility restrictions, or have removed maximum limits on assistance payments or modified other unduly restrictive provisions of their programs.

The grants to States for assistance programs represent Federal assumption of very substantial responsibility for assuring aid to needy persons in all parts of the United States. The purpose of the Social Security Act, as stated in its preamble, includes "To provide for the general welfare . . . by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children . . ." It is a matter of grave concern that, after nearly 9 years of operation, the conditions under which aid is actually available to a needy person and the amount he receives should still differ so widely in various parts of the country. In part these differences arise from eligibility conditions which determine which groups of persons are aided under a State program; in part, from methods used in determining the individual's need and the amount of his payment; and in large part, from the availability of funds.

The amount of the payment commonly is considered to be the difference between the cost of the basic subsistence requirements recognized by the assistance agency and the amount of any resources the applicant himself may have—such as contributions from relatives, an insurance policy, title to his home, and so on. State provisions and practice differ greatly in evaluating requirements and resources. In some places the amount of assistance determined for a recipient recognizes his needs for only some essentials, such as food and shelter; elsewhere it may also reflect his requirements for such other necessities as clothing, replacement of household furnishings, and medical costs. When funds are insufficient, some States pay only part of the amount they determine as necessary to meet the applicant's need. Even in 1943-44, when State and local fiscal resources were at record levels, there were States in which recipients under one or more of the assistance programs received only half the amounts determined by the State agency to be necessary for their subsistence.

In an earlier report, the Board cited a study reported by a State welfare agency which still is equally applicable as an illustration of the effect of such differences. The State agency received replies from locally administered agencies or local offices of State-administered agencies in 44 other States and the District of Columbia in answer to questions on the action those agencies would have taken on the application of an old man whose circumstances were described in detail. In 15 States and the District of Columbia, he would have

been held ineligible for old-age assistance; in 20 States, eligible; and in 9, eligible in some localities and ineligible in others. The amounts of the assistance which the agencies would have given him ranged from \$1 to \$37 a month. The Federal Government was granting funds for old-age assistance to all those 45 States. Yet the opportunity of this old man to benefit from the aid provided by Congress under the act, and his share in that amount, depended on the State in which he applied for aid and even on the particular community within a State.

The Board believes that it is feasible for all States to eliminate at least some of the undue restrictions in their programs for the special types of assistance and general assistance, and that it is to the interest of both the State and the Nation that they should do so now. The impending post-war changes foreshadow needs for such action. Population shifts, in particular, will increase the hardships—and often undue public costs—which arise from residence requirements in general assistance and in the special types of public assistance. An old man or woman, for example, may be able to cut down need for assistance by going to another State to live with a married daughter who can offer houseroom but not total support. Old people may want to move across State lines from cities to the farm or village where they grew up and where they can live more cheaply. If residence requirements were reduced to a minimum or eliminated, in-and-out migration of persons who were receiving or might apply for assistance would cancel out in many States, with little change and possibly reduction in State costs. It has been argued that lowering or removing residence requirements in States with relatively high assistance payments would cause an influx of applicants from States where payments are lower, though there is no evidence that such an influx would occur.

Such arguments and objections to removing other undue restrictions on the assistance actually available to needy persons would lose their force if special Federal aid were available to enable low-income States to finance aid comparable to that provided in more fortunate areas. Extension of public assistance programs to all needy persons would be further facilitated in all States if the Federal Government shared costs of general assistance, which are now wholly the responsibility of States and localities.

The Social Security Board believes that the assumption of additional Federal responsibility for assistance should be conditioned on removal of State residence requirements and adoption of principles to ensure that, within a State, needy persons in similar circumstances will receive assistance on a similar basis and that their assistance will meet their full need as determined by the State.

Interrelationships of Assistance Programs

Effectiveness and economy in the operation of assistance programs would be furthered by unifying administration of assistance to all groups within a State, whether or not separate programs were maintained for special groups, such as the aged, blind, and children. The Social Security Act requires that one State agency administer or supervise the administration of an approved plan, but does not require that all plans be administered or supervised by the same State agency.

Only a few States continue to maintain independent administration of the special types of assistance, though additional States and numerous localities administer general assistance through an agency other than that responsible for the special types.

Unification of the administration of public assistance would leave the States free, as at present, to decide what classes of needy persons would receive assistance and to maintain or abolish existing categories of assistance. It would permit coordinated administrative and financial planning to achieve better balance in provisions for meeting need and greater equity to different groups and in different areas within a State. Administrative, supervisory, and technical personnel could serve all programs, instead of one or two, and corresponding economies could be made in office space, travel, and equipment. Even more important, better service could be given to needy persons if there were one agency in the community to which they could apply and from which they could receive, when eligible, the aid best fitted to their needs.

The Board believes that both State and local administration of State programs for general assistance and the three programs now included in the Social Security Act should be unified.

Social Security and the Future

The next decade will be critical in the history of the United States. Action taken in coming months may affect the well-being of a generation or more.

During the catastrophe of depression, this country established the social security program as a way of enabling millions of wage earners to build greater future security for themselves and of assuring subsistence for some persons in need. This foundation will be of great value in the years in which the country is regaining a peacetime balance. Its value is limited, however, by the fact that so large a part of the population still has no access to the forms of protection which the Social Security Act now provides, and that the program does not yet encompass all the commonly needed defenses against interruption or loss of earnings or lack of the means of subsistence.

Substantially all families in the United States stand to gain by the pooling, through social insurance, of the costs and losses they now bear because of sickness and disability. The Board's recommendations for disability insurance, medical care insurance, and medical care for persons on assistance rolls are of particular importance, moreover, for low-income families, among whom incapacity is greatest and costs are relatively heaviest. The improvement in general levels of health and vigor which could be effected through this redistribution of economic burdens is essential to the future security of the Nation.

Farm people in the United States face the future with far less protection from organized measures for social security than any other major segment of our population. Standards of assistance, especially general assistance, are characteristically lower in rural States and communities than elsewhere, and health resources are inadequate in many rural areas. In Selective Service examinations, boys classified as "farmers" had a higher rejection rate for physical incapacity than any other occupational group. Work accidents are common on farms, yet farm workers are seldom covered by workmen's compensation laws. Nor do farm families, despite their relatively low income levels,

have the protection of old-age and survivors insurance or unemployment insurance.

During the war, domestic workers have flocked into shops, factories, and offices. Many have had their first chance to earn adequately and to share in social insurance and other public measures which commonly protect other wage earners. No group is in greater need of insurance protection in old age, unemployment, and disability, or of protection of their survivors. Apartment dwellers in cities and managers of mechanized farms cannot go back to the older traditions under which the misfortunes of the hired girl and the hired man were a responsibility of the families with whom they lived. Peace will have a bitter connotation to returning domestic workers, as to the workers going back to farms, if again they find themselves in a no man's land of labor where older forms of family security have been lost and the forms essential to an industrial civilization have not yet been gained.

The war has reemphasized the genius of the American people in mechanizing industry and increasing industrial productivity. Our hope for future "full employment" rests in considerable measure on increasing use of persons in service occupations and the professions—for example, the teachers, doctors, and nurses actually needed to give adequate service to all our people. These growing occupational areas comprise many groups of persons who are excluded from the social security program because they are self-employed or are working for a nonprofit organization, such as a hospital, college, or church. Such other forms of protection as are open to self-employed persons and nonprofit employees are spotty and limited and characteristically exclude the persons with the smallest and most irregular earnings. The impending shifts in our economy, which will bring an increasing proportion of the labor force into these areas, as well as present needs of individuals in the groups, point to the shortcomings of the present provisions.

Extension of social insurance coverage to the areas of work now excluded would also greatly strengthen the social insurance protection of workers who shift between covered and noncovered employment and now can qualify for only meager benefits, if any.

It is not too late to remedy gaps and deficiencies in the social security program, but the time is short. In just such years as now confront us, a comprehensive and adequate program of social security would help maintain the private purchasing power and public confidence to which business must look while we are rebuilding our peacetime economy. Success in that rebuilding and durable assurance of the economic independence of American families depend in no small measure on the action taken now.

Most of the recommendations made by the Social Security Board in this report could be acted upon independently, irrespective of action on others. Some lie wholly within the realm of State action; some would require Federal legislation; and still others, change in both State and Federal law. All, however, are parts of a common design in which each has its full value only through interrelation with the others. All serve a single objective—to use every feasible means of assuring a basic minimum security on which, through individual initiative, families and the Nation can build to secure economic independence.

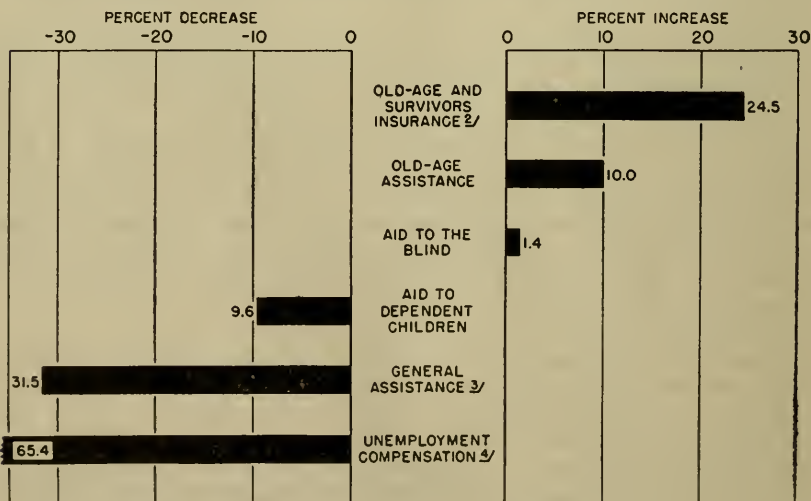
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Social Security Operations in 1943-44

IN THE FISCAL YEAR 1943-44, an average of more than 760,000 persons were receiving monthly old-age and survivors insurance benefits under the Social Security Act because of the retirement or death of the family breadwinner. An average of 82,000 persons a week received unemployment benefits under State laws because they lacked jobs during dislocations in production or for other reasons. Some 3.5 million persons, on the average, had no income or so little income that State assistance agencies granted them old-age assistance, aid to dependent children, aid to the blind, or general assistance—nearly all of which included Federal funds under the Social Security Act. Federal, State, and local expenditures for these insurance benefits and assistance payments to the needy totaled about \$1.2 billion for the year and averaged \$98.7 million a month.

Of the payments in the fiscal year 1943-44, 21 percent came from insurance funds established under the Social Security Act to protect industrial and commercial workers against the financial risks of old age, death, and unemployment, and financed through regular pay-roll contributions of covered workers and their employers. About 71 percent was paid from Federal, State, and local funds appropriated for special types of public assistance. The remaining 8 percent was met from State and local funds—without Federal participation—for general assistance.

Chart 8.—*Percentage change in total benefit or assistance payments under old age and survivors insurance, unemployment compensation, and public assistance programs,¹ fiscal year 1943-44 compared with 1942-43*



¹ Includes programs administered without Federal funds.

² Monthly payments certified.

³ Continental United States only.

⁴ Under State unemployment compensation laws.

Old-Age and Survivors Insurance

The Federal old-age and survivors insurance system is the most comprehensive of these programs. By the middle of the fiscal year 1943-44, some 66 million living persons had earned wage credits under this system, though only slightly more than half had worked long or steadily enough in covered employment to have the insured status which would make them or their survivors eligible for benefits in the event of retirement or death. By June 30, 1944, 998,000 persons had qualified for monthly retirement or survivor benefits amounting to more than \$18 billion a month. In 1943, approximately 48 million workers earned wage credits in employments covered by the program. Workers and their employers paid nearly \$1,300 million as contributions on taxable pay rolls of \$65,800 million in 1943-44. Benefits certified during the fiscal year and lump-sum death payments totaled more than \$192 million. The old-age and survivors insurance trust fund, to which amounts equal to the contributions of workers and employers are appropriated, had a balance of \$5,446 million on June 30, 1944, to meet the liabilities for continuing payments to current beneficiaries and the much greater obligations for future benefits.

Beneficiaries and Their Benefits

Benefit payments.—The \$173.3 million certified in monthly benefits in 1943-44 represents an increase of 25 percent over 1942-43 and 70 percent over 1941-42. Retired workers and their aged wives and young children received \$106.8 million in monthly benefits, while survivors received \$66.5 million in monthly benefits and \$19.2 million in lump-sum death payments.

Benefit awards.—In the calendar year 1943 nearly 86,000 children, mainly survivors of deceased insured workers, received new benefit awards amounting to more than \$1 million a month. In addition, their widowed mothers (35,000) became entitled to receive \$705,000 a month while they had such children in their care. Survivor benefits have become an increasing proportion of benefit awards—approximately 52 percent of the total in 1943 as contrasted with about 47 percent in 1942 and only 42 percent in 1941. This type of protection, which is meager or lacking in nearly all other public retirement systems, resulted in 1943 in an average award of \$34.41 per month to a widow with one child entitled to benefits; for widows with two entitled children, the average was \$47.41; and for widows with three entitled children, \$50.45.

In 1943, benefits were awarded to nearly 142,000 persons aged 65 or over, as follows: more than 89,000 primary beneficiaries, with an average of \$24.50 a month; about 32,000 wives, with \$12.83; nearly 20,000 aged widows, with \$20.11; and more than 1,000 aged parents, with \$13.34. The average retirement benefit awarded to an aged worker and entitled wife was \$39.01.

Beneficiaries on the benefit rolls.—Both the number of beneficiaries on the rolls and the amount of their benefits rose more than 25 percent from June 1943 to June 1944, to 998,000 persons and \$18 million a month in benefits. The rise will continue as more and more persons become insured and as wartime activity declines and aged insured workers give up or lose covered jobs. Only about 85 percent of the persons on the rolls are actually in current-payment status. On June

30, 1944, for example, about 152,000 beneficiaries were foregoing benefits while they were at work in covered employment or temporarily failed to meet some condition of the act required for receipt of benefits, such as school attendance for child beneficiaries aged 16 or 17. Some 650,000 additional aged wage earners who could have been entitled to benefits at that time had not filed claims.

Benefits amounting to \$2.8 million a month were withheld for 123,000 beneficiaries on the rolls on June 30, 1944, because they were earning \$15 or more a month in covered employment, and for an additional 20,000 because the person on whose wage record the benefit was based had such earnings. A child's failure to attend school regularly, when such attendance was considered feasible, caused suspension of benefits for about 5,000 otherwise entitled children aged 16 and 17 years.

Of the 846,000 beneficiaries receiving payments in June, some 500,000 were aged 65 or over. Their benefits amounted to \$10.5 million a month. In addition, nearly 80,000 widows caring for child beneficiaries of deceased insured workers received \$1.6 million, or an average of \$19.81 per month, while child beneficiaries—mainly children of deceased workers—numbered nearly 262,000 and received \$3.2 million, or an average of \$12.35 per child per month.

Appeals and Decisions

During the fiscal year the Board received 831 appeals from its determinations on benefit claims and wage records, and 273 appeals were carried over from the preceding year. Hearings were completed on 744 such appeals and decisions handed down on 840. At the close of the year 264 appeals were pending.

Among the important administrative actions taken during the fiscal year were: revision of regulations to permit payment of lump sums to State and local governments as reimbursement for burial expenses of wage earners who died leaving no relatives in the class eligible to receive monthly benefits or a lump-sum payment; and a decision to reopen and revise benefit determinations to the detriment of claimants only in cases of fraud, misrepresentation, or clear error, unless the time for appeal has not expired.

During the year, six persons were indicted for violating the penal provisions of the act. Of these six, three were convicted, two acquitted, and one is awaiting trial.

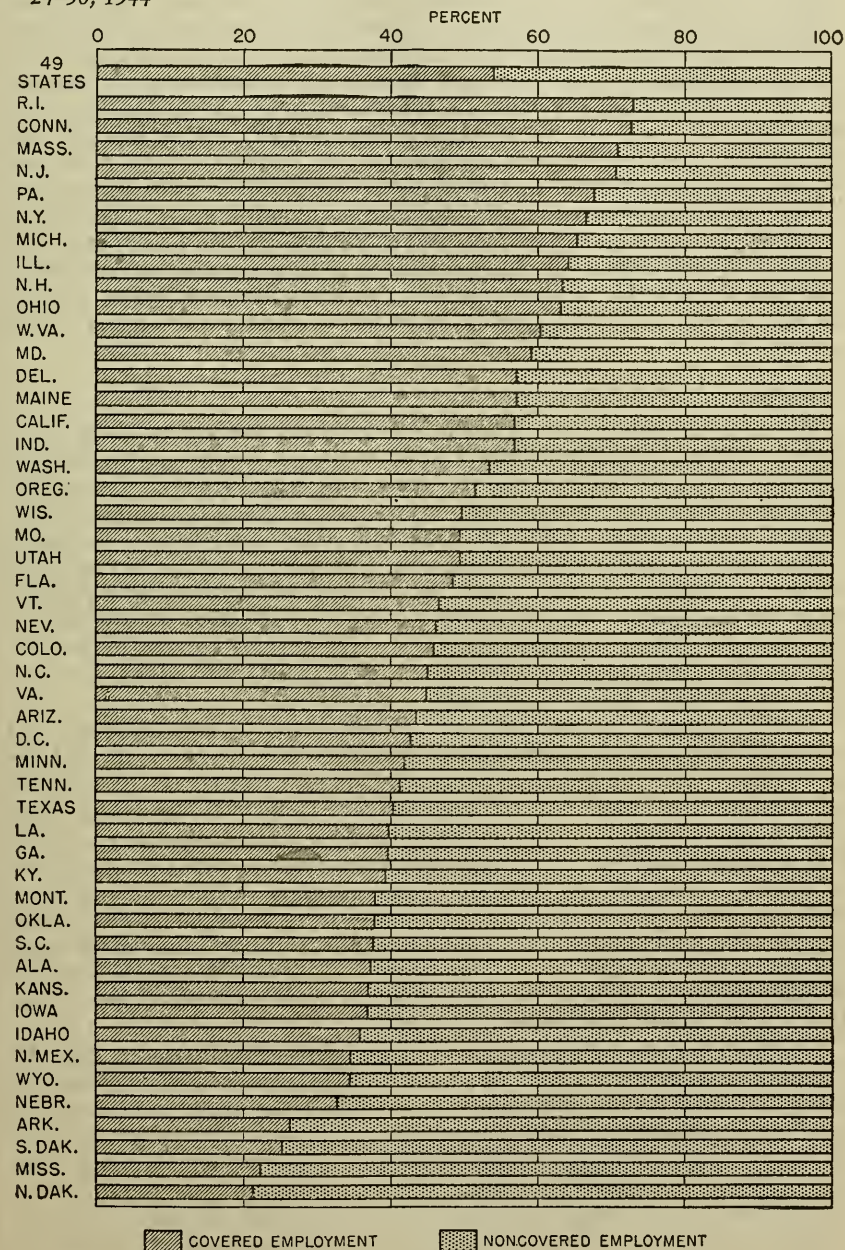
Workers and Their Wage Credits

Each year since 1938, when there was a slight decline, the number of workers earning wage credits has increased. In 1943, some 48 million workers received nearly \$63 billion in wages which could be credited to their social security accounts. The average annual taxable wage per worker has risen from \$883 in 1938 to \$1,310 in 1943, as a result of higher wage rates, overtime pay, and steadier work.

In 1942, the last year for which data have been analyzed, the average wage of workers who had wage credits in each of the 4 quarters of the year was \$1,678, as compared with only \$369 for workers with wage credits in less than 4 quarters. In 1942, however, only a little more than half the workers (57 percent) had taxable wages in 4 quarters. Many left covered jobs to enter the armed forces or Federal civilian service. Their places were taken by farm workers, housewives, domestic workers, high-school and college students, and self-

employed persons. Of the nearly 47 million workers with wage credits in 1942, slightly more than one-sixth were new entrants—that is, 1942 was their first year in covered employment. In 1940 new entrants

Chart 9.—*Estimated percent of employed labor force in employment covered by old-age and survivors insurance and in noncovered employment, by State, March 24–30, 1944¹*



¹ See *Social Security Bulletin*, Vol. 7, No. 8 (August 1944), p. 9, table 2.

represented only about one-eighth of the total, and in 1941, a little less than one-sixth.

Applicants for Account Numbers

In the fiscal year 1943-44, about 5.8 million new accounts were established for workers who were entering or expected to enter the covered labor force. Some 3.9 million, or three-fifths, were for women, many of whom may leave gainful work within a few years to manage their household affairs. By the end of the year, it is estimated, 67 percent of the total population aged 14 years and over held social security accounts. In each quarter, women outnumbered men, and as of June 30, women account holders represented 53 percent of all girls and women aged 14 or over and were 39 percent of the total number of persons holding accounts. With the greater employment opportunities for Negroes in wartime, this racial group also has formed an increasing percentage of applicants for account numbers. As compared with 1942-43, applications of boys and men declined at all ages except under 15 years, chiefly because so many men already held accounts.

Financing the Program

Workers in covered employment contribute 1 percent of their earnings in covered employment up to \$3,000 a year; their employers contribute 1 percent of taxable pay roll. (The scheduled increase to 2 percent for 1944 was postponed for another year by congressional action, Public Laws Nos. 211 and 235, 78th Congress.) Amounts equivalent to contributions collected are deposited in the old-age and survivors insurance trust fund, which has been growing rapidly—from \$267 million at the end of the fiscal year 1936-37 to \$5,446 million by June 30, 1944. The balance in the trust fund totaled about \$80 per worker with wage credits under the program and about twice as much per worker fully or currently insured.

The trust fund represents assets accumulated to meet current and future obligations. In terms of beneficiaries now on the rolls and the increasing numbers who will receive benefit awards, the protection afforded by small contributions is often very large. In the not unusual case of one deceased worker, contributions of \$145 from the employee and an equal amount from his employers have resulted in payments of \$58.49 a month to his widow and two children. The family's benefits may continue at this rate for 14 years until the older child reaches age 18, then at \$41.78 a month for the widow and younger child until the latter reaches age 18. If the widow has not remarried, she will be eligible for benefits of \$25.07 a month from age 65 until her death. In all, this family may receive \$15,000.

All financial operations of the system recorded increases in 1943-44. Contributions collected rose 14 percent. The percentage increase was about half that in the preceding year because the expansion of industrial and commercial employment slowed down. Moreover, because of higher wages and steadier employment, more workers received earnings in excess of \$3,000; only the first \$3,000 in a year is taxable to the worker, and an employer pays on no more than \$3,000 for a given employee in a year. Interest on the trust fund investments amounted to \$103 million in 1943-44 as compared with \$87 million a year earlier, an increase of a little less than 20 percent. Expenditures from the

fund rose to \$185 million for monthly benefits and lump-sum payments and to \$33 million for administration, increases from 1942-43 of 24 and 19 percent, respectively. In each of those years the combined expense of the Social Security Board and Treasury Department in administering the system was less than 50 cents per worker with wage credits. The Board's cost for maintaining a worker's wage record was 17 cents, as compared with 18 cents in 1942-43—a difference which would have been even greater if overtime staff services had been compensated throughout the earlier year. In 1943-44, total expenditures of the Social Security Board and the Treasury Department for administering this program represented only 2.5 percent of the contributions collected.

At the end of June 1944, the old-age and survivors insurance trust fund held investments of \$5,409 million, of which \$4,386 million was in special Treasury notes, \$643 million in 2½-percent publicly offered Treasury bonds, and \$380 million in special certificates of indebtedness. The rate of interest on fund holdings was 2.195 percent on June 30, 1944, as compared with 2.258 percent a year earlier.

Unemployment Insurance

The striking results of full employment on the State unemployment compensation systems can be measured, as in old-age and survivors insurance, by increases in workers with wage credits, in contributions collected on wages in covered employment, and in trust fund assets to meet future obligations. Unemployment, and particularly unemployment compensable under State laws, had shrunk to such small proportions that 1943-44 totals for initial claims, number of different beneficiaries, weeks compensated, and benefits paid were less than half the totals for the previous year and read like fiscal-year figures for New York State or California alone before the defense program began.

In 1943-44, about 1.5 million initial claims for benefits were filed; slightly more than half a million workers received benefit payments amounting to about \$61.0 million for 4.4 million weeks of compensated unemployment, or an average of about 8.3 weeks per beneficiary. On the average, each beneficiary received about \$115, or somewhat less than \$14 a week in benefits. California, Illinois, and New York combined, with less than a third of the workers with 1943 wage credits, paid almost half the beneficiaries in the fiscal year and about 43 percent of the total amount of benefits. The average number of weeks compensated per beneficiary was 10.0 in California, 8.5 in New York, and 6.6 in Illinois.

Fiscal-year collections of unemployment compensation contributions under the 51 State laws amounted to \$1,353 million, about 11 percent more than in the year preceding. Because of the general drop in benefit expenditures, benefits represented only 4.5 percent of contributions, less than a third the ratio in 1942-43; in 1939-40, the last fiscal year unaffected by war influences, benefits were 56.5 percent of current collections. Funds available for benefits on June 30, 1944, amounted to nearly \$5.4 billion, or about \$120 per worker with wage credits in 1943. On a Nation-wide basis, therefore, funds available for benefits would finance payments for all covered workers at the average benefit rate and duration in the fiscal year 1943-44. States differ widely, however, in nearly all factors which control relative income, expenditures, and resources for unemployment insur-

ance. The fact that some employers in 41 States—taking credit for wartime reductions in unemployment—paid contributions at reduced rates under the experience-rating provisions of State laws, reduced total collections in 1943-44 by about \$484 million from what would have been collected under the normal 2.7-percent rate. On the other hand, special war-risk contributions collected in 10 States served to augment collections by about \$53 million.

Claims and Benefits

Generalizations on developments in State unemployment compensation programs in the fiscal year 1943-44 need many qualifications. No two State unemployment compensation laws are identical, and employment conditions likewise differed. One State (Wyoming) paid no benefits in September 1943 and had only 33 different beneficiaries in the fiscal year. Although the number of beneficiaries was less than in 1942-43 in every State, the drop was only 2 percent in the District of Columbia and 15 percent in Alaska, as compared with more than 75 percent in such widely scattered and diverse States as New Mexico, Wyoming, and Delaware. Though percentage differences between operations in the 2 years were very large in some States, the significance was limited because all actual figures were relatively small.

Claims for benefits.—For the country as a whole, initial claims for benefits filed in June were nearly 35 percent fewer than in June 1943. The national average, however, masks differences among the States ranging from an increase of 82 percent in Michigan to a decline of 80 percent in Maryland. Initial claims filed in a month approximate the number of workers who become unemployed and believe themselves entitled to benefits; some who file will be found ineligible, and some will get new jobs during their waiting period before benefits are payable. The number filed in a month is affected not only by loss of jobs but also by administrative factors, such as the beginning of a new benefit year under the State law. Continued claims, which reflect both waiting-period weeks and weeks of compensable unemployment, were nearly 29 percent fewer in June 1944 than in June 1943. States differed widely; the number of continued claims more than doubled in Alaska, Connecticut, and Michigan, and declined 74 percent in Georgia.

Interstate claims and benefits have increased in proportion to the total as compared with previous years, for many workers have left the States in which they had acquired benefit rights to take work in another State where later they became unemployed and filed their claims. The volume of these claims will probably increase greatly when workers laid off from war plants return to the States in which they have home ties.

The Board was increasingly concerned during the year over the number and severity of disqualifications imposed by States which deny or curtail benefits to workers who leave jobs for compelling personal reasons, such as the need to move to another locality beyond commuting distance from their former work or inability to continue on a night shift because of responsibilities for young children. The increasing harshness of disqualifications imposed in some States has tended to warp the basic principle of unemployment insurance. The fact that a worker is unemployed through no wish or fault of his own

and is seeking a job—the accepted basis for unemployment insurance—is often held insufficient ground for paying him the benefits to which he would be entitled on the basis of his past employment and earnings: proof is required increasingly that his unemployment is due to the employer or the job, rather than to personal or family grounds outside his control. In States which have reported statistics on disqualifications, the number represents a substantial, and in some States very large, proportion of all new claims allowed. The accompanying increase in the severity of penalties imposed on disqualified workers is discussed earlier in this report. By the end of the fiscal year, 28 States canceled part or all of the wage credits of workers who were disqualified for voluntary quit, misconduct, or refusal of suitable work. In contrast, only 6 of the original State laws provided for cancelation of benefit rights; the remainder merely postponed payment of benefits. Only 7 of the original State systems, as compared with 20 at present, required proof that unemployment was due to the employer or the job.

Beneficiaries.—The average weekly number of beneficiaries in the fiscal year was 82,000, as compared with 269,000 in the year preceding and 803,000 in 1940–41. In this, as in all other respects, changes for the year differed greatly among the States. In the country as a whole, the benefit roll was at its fiscal-year peak (112,000) in March 1944 and at its lowest point in November 1943, when the average weekly number of beneficiaries was just half as much—56,000, the record low. State studies during the war have shown that persons on the unemployment benefit rolls include, as would be expected, a disproportionately large number of women, older men, and handicapped persons. These groups comprise many inexperienced persons and others who are the first to be laid off when operations are cut down and the last to get a new job.

The number of new workers and of very young and old persons who have been drawn into the wartime labor force also explains why unemployment benefits compensated a smaller proportion of all unemployment than in earlier years. During the months of the fiscal year, beneficiaries represented from 6 to 13 percent of the estimated total number of unemployed persons. Some of the unemployed were youngsters just out of school and looking for their first jobs; others, housewives or others who worked only intermittently. Such persons generally lacked the prior employment and earnings necessary to qualify them for benefits. So also did workers who regularly depend on earnings but whose former jobs had been in farming, domestic service, or other noncovered employment; many of these workers had had too brief a time in covered jobs to gain the wage credits required under the State unemployment compensation law. Wartime factors thus explain the lack of insurance protection for some unemployed persons. Even in ordinary times, however, the coverage restrictions and other provisions of the State laws result in the fact that a large proportion of the unemployment incurred by workers over a year carries no benefits under the State systems or any other form of unemployment insurance.

The number of workers with wage credits under State laws was 3.5 percent higher in 1943 than in 1942; the change ranged from an increase of 14 percent in Louisiana to a drop of 24 percent in Idaho. Moreover, while the amount of all wage and salary payments in the

United States was 26 percent higher in 1943 than in 1942, the proportion covered by State unemployment compensation laws declined from 69 percent to 65 percent. This shrinkage is due to the increasing proportion of the total attributable to Federal pay rolls, including pay of the armed forces.

Weeks of unemployment compensated.—The duration of compensable unemployment depends both on the availability of new jobs when workers become unemployed and on the duration of benefits for which they qualify individually. The average of 8.3 weeks per beneficiary for the United States as a whole in 1943-44 covers a range in State averages from 11.7 in Nevada to 4.9 in Connecticut among the 49 States for which this ratio can be computed. In 1939-40, the last year unaffected by war factors, about half the beneficiaries exhausted their rights to insurance before they found new jobs. The number of cases in which workers exhausted benefit rights in 1943-44 ranged from 55 percent in Texas to 7 percent in the State of Washington.

Benefit payments.—The total of \$61.0 million in benefit payments under State unemployment compensation laws in 1943-44 was only about a third of the amount for the preceding fiscal year and less than a sixth of that for 1941-42. Among the States, the declines from 1942-43 ranged from about 85 percent in New Mexico to less than 2 percent in the District of Columbia. The national average payment was \$14.96 per week of total unemployment compensable for the year, as compared with \$13.08 in 1942-43; it rose from \$13.80 in July 1943 to \$16.07 in June 1944. The average payment for January-June 1944 for total unemployment ranged from \$19.68 in Hawaii to \$7.19 in North Carolina.

In 1943-44, benefit expenditures in only four States (Arkansas, Kansas, Rhode Island, Tennessee) exceeded the interest paid on the State's account in the Federal unemployment trust fund. The fact that all States could substantially increase their holdings and that only four needed to draw on contributions collected from employers during the period reflects many interrelated factors besides the high levels of employment attributable mainly to Federal contracts for war matériel. Of the 51 jurisdictions, 2 pay benefits for no more than 14 weeks to any eligible worker, and only 15 pay uniform duration of benefits to all eligible workers; 2 have no specified minimum benefit amount for total unemployment and may pay as little as \$3 a week, or even less, to some totally unemployed workers; only 1 pays as much as \$22 a week to any worker; and 26 place the maximum at \$15 or \$16. Only the District of Columbia law adjusts benefits for dependents.

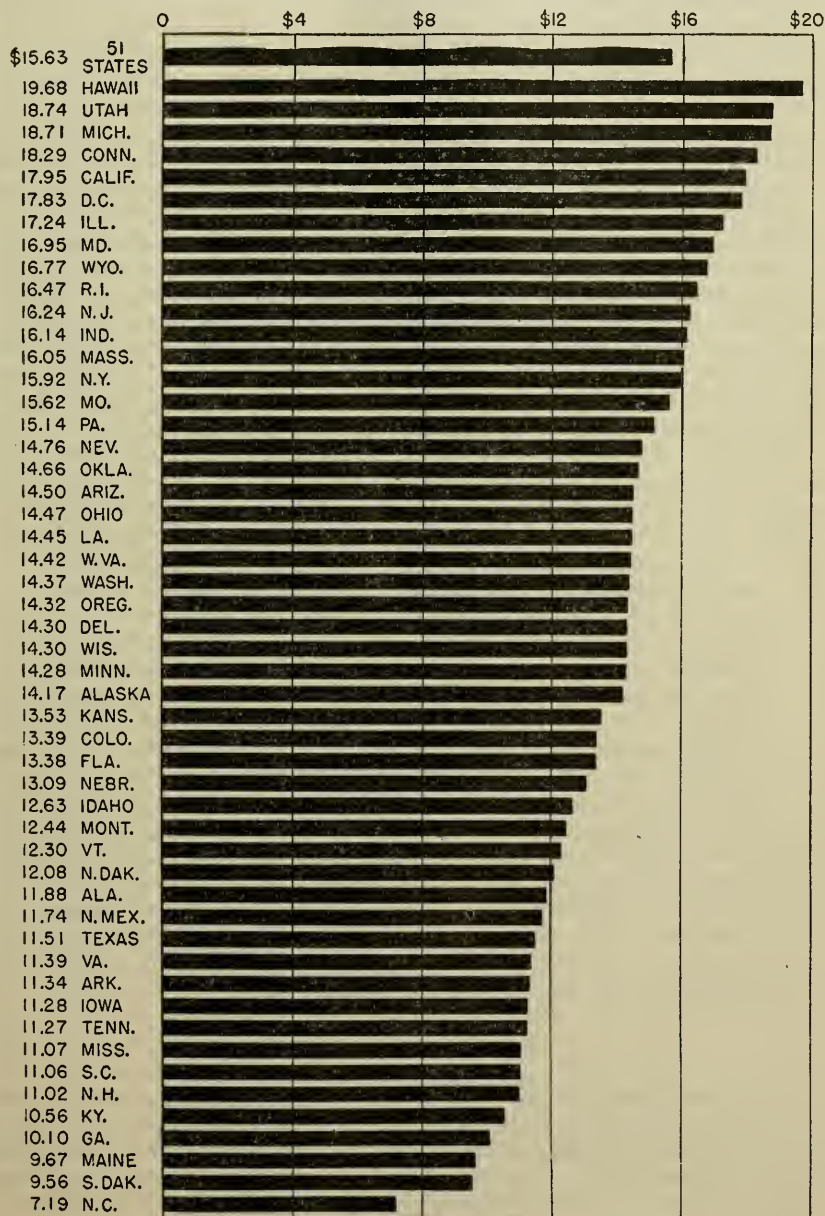
Financing the Program

The unemployment trust fund at the end of June 1944 held more than \$5,380 million to the credit of State unemployment compensation systems, as compared with \$4,003 million a year earlier. In the fiscal year, State deposits totaled \$1,350 million and withdrawals for benefit payments, \$60 million. Federal interest on State balances amounted to \$89 million. The average rate of interest on investments held on June 30, 1944, was 1.903 percent, as compared with 1.891 percent a year earlier. Funds available for benefits as of June 30, 1944, totaled \$5,389 million, including amounts in State clearing accounts and benefit-payment accounts as well as deposits in the trust fund.

Funds available for benefits represented relatively very different

amounts for different States, according to the time when the State system began operation, the effective rates of contributions in States where experience-rating provisions are in effect, benefit provisions under State unemployment compensation laws, and the course of unemployment within the State over the whole period of operation of the system. As of June 30, 1944, the reserve in New Jersey represented

Chart 10.—Average weekly benefit for total unemployment, by State, January–June 1944



\$181 per worker with 1943 wage credits; at the other end of the range, Mississippi had about \$50 per worker with 1943 wage credits. Federal provision of unemployment allowances for veterans has very considerably lightened actual or potential obligations on State funds. The continued accumulation of reserves despite the lowering of the average contribution rate through experience rating seems clear assurance that States can afford to make needed changes in benefit provisions, particularly by extending duration of benefits and providing uniform duration for all eligible workers.

Collections under the Federal Unemployment Tax Act amounted to \$180 million in 1943-44, an increase of 14 percent over 1942-43. The Federal tax provides an indirect source of funds to meet the costs of administering State unemployment compensation systems, through grants to States under title III of the Social Security Act.

In 1943-44 the cost of unemployment compensation administration in the States, which is borne entirely from Federal funds, amounted to approximately \$44.2 million, exclusive of postage. This amount was nearly \$1.6 million less than corresponding costs in the preceding year. To some extent administrative costs can be reduced with decline in the volume of operations. The administrative structure and many operations must be maintained, however, even when unemployment is at a minimum. Nevertheless, further simplifications can be made in the provisions of State laws to reduce administrative costs and also to assure more prompt payment of benefits and better understanding of the program by employers, workers, and the general public.

As a result of differences in State laws and operating procedure, and also of the great differences among the States in concentration of population and extent of industrialization, the relative costs of administering State unemployment compensation systems differ greatly. In 1943, for example, the ratio of State administrative expenditures to State contributions for unemployment compensation was more than six times as great in some States as in others. Over the whole period of operation of the Federal-State system, some States could not have met their administrative costs from the part of the Federal unemployment tax which must be paid to the Federal Government by employers in that State—that is, from the 0.3 percent of taxable pay roll against which employers cannot offset their contributions to the State system. In other States, such an amount would have been more than enough. By the end of the fiscal year, cumulative Federal collections under the Federal Unemployment Tax Act, which are covered into the general fund of the Treasury, exceeded the cumulative amount which the Federal Government had paid to States for administering unemployment insurance by some \$500 million. If provision is made for reinsuring State reserves for benefits—pooling State risks of benefit costs as administrative costs already have been pooled—this sum might well be considered as the basis for the reinsurance fund.

Public Assistance

In all the years from 1933 to 1943, the Federal Government made very large expenditures for aid to needy persons through work programs and other emergency measures for public aid to counter the double catastrophe of that decade—depression and drought. Lack of work then was also the largest single cause of the large expenditures

of States and localities for general assistance. By June 1943 all the Federal emergency programs had been terminated and general assistance had been greatly reduced, as national defense, then war, opened up job opportunities. Throughout the fiscal year 1943-44 the three assistance programs under the Social Security Act were the only substantial programs of direct public aid in which the Federal Government participated financially. When public aid was at its peak, these special types of assistance represented only about 15 percent of all public aid; in 1943-44 they accounted for nearly 90 percent. The difference between those two percentages and the decline in total public aid from the peak figure of nearly \$3.5 billion a year to less than \$1 billion in 1943-44 give a general picture of the extent to which work opportunities and other wartime factors had liquidated dependency caused by lack of work.

At the end of the fiscal year 1943-44, all 51 jurisdictions eligible to participate under the Social Security Act—the 48 States, Alaska, Hawaii, and the District of Columbia—were administering old-age assistance under plans approved by the Social Security Board. All but Alaska and Nevada had such plans for aid to dependent children, and all but 5—Alaska, Delaware, Missouri, Nevada, and Pennsylvania—for aid to the blind. Of the jurisdictions not collaborating in State-Federal assistance under the act, Missouri, Nevada, and Pennsylvania were administering aid to the blind under State laws alone, and Alaska and Nevada had such provisions for dependent children. Assistance programs for the needy aged, blind, and children antedated the Social Security Act in various States or localities. Beginning with 1936, the matching Federal grants to States with plans approved by the Social Security Board have greatly extended and strengthened these types of assistance and acceptance of the principle underlying the act—that public assistance is a right of persons in need.

In June 1944, more than 2 million needy old people, more than one-fifth of the total aged population, were receiving old-age assistance. Nearly 261,000 families were receiving aid in behalf of some 653,000 children, and assistance payments went to nearly 74,000 needy blind persons. During the fiscal year, assistance payments to the aged, the blind, and dependent children totaled \$839.7 million. General assistance totaled \$95.2 million. Federal funds met a little less than half the total for the three special types of assistance—approximately half the cost for old-age assistance, the largest program, 34.6 percent for aid to the blind, and 37.0 percent for aid to dependent children. In addition, Federal funds paid \$23.7 million or about 42 percent of the total expenses of the States in administering these three types of aid. General assistance was financed entirely from State and local funds.

Assistance Recipients

The chance to earn, increase in earnings of others in the family, servicemen's allowances, and similar wartime factors have made it possible for many recipients to leave the assistance rolls and unnecessary for other old or blind people or families with children to ask for aid. Throughout the fiscal year 1943-44 and that preceding, there was a continuous, or nearly continuous, decline in the recipient rolls of each of the four assistance programs, relatively slight for old-age assistance and aid to the blind and sharp for general assistance and aid to dependent children. In June 1944, total recipients of old-age

assistance represented a decline of nearly 7.5 percent from the peak number in June 1942. Only about two-thirds as many families received aid to dependent children as in the peak month, March 1942. The number of recipients of aid to the blind had declined about 7 percent from the high point in September 1942. General assistance reached its peak in the 1930's before Federal work programs were established; during the continuous decline from January 1942 through June 1944, the number of cases on the general assistance rolls dropped 69 percent, and the average number of persons per case was also declining.

Old-age assistance.—Since September 1938 all States and Territories have been receiving Federal grants for old-age assistance under the Social Security Act. In June 1944, recipients of old-age assistance in the continental United States represented about 210 per 1,000 population aged 65 and over, as compared with 240 per 1,000 at the highest point in the recipient rolls. Considerable differences among the States resulted from policies in the use of available State and local funds, the amount of such funds available, and the extent of need among the aged; recipient rates in June 1944 ranged from 497 per 1,000 aged persons in Oklahoma to 60 per 1,000 in the District of Columbia.

The total number of recipients declined gradually throughout the fiscal year, with a decrease of 3.8 percent over the 12 months. Any decline in the number of old people who apply for assistance is notable, for the total number of persons aged 65 or over is increasing by more than 200,000 a year. Moreover, people in these ages include many who, during the years of industrial and farm collapse, were obliged to use up any savings they had and have not themselves had the vigor to accumulate other resources. They also have had much less time and opportunity than old people will have had in the future to build up rights to old-age insurance benefits; a large proportion of the population now old have spent most or all of their lives in farming or other types of work which still are not covered by the insurance system, and they lack the skills and experience needed in covered jobs, even if jobs had been open to them.

Aid to dependent children.—Of the 652,563 children receiving aid in June 1944, all but 261 were in States administering Federal funds for this program under the Social Security Act. On October 12, 1943, the Board approved a plan submitted by Iowa under which payments were first made in January 1944. In June 1944, children receiving aid represented 16 per 1,000 children under age 18 in the continental United States. Recipient rates in the States ranged from 43 per 1,000 children in Oklahoma to 4 per 1,000 in Nevada, where the program of mothers' aid is administered without Federal participation.

For the country as a whole, the number of families receiving aid to dependent children declined continuously throughout the fiscal year and decreased more than 14 percent over the year. In June 1944, only four States were aiding more families than a year earlier, and only five showed an increase in the number of children aided. The largest increases were in the two States with relatively new plans—Iowa, which had been using Federal funds for aid to dependent children for only 6 months, and Kentucky, where payments under a plan approved by the Board did not begin until January 1943.

In many families which otherwise might now be receiving aid to

dependent children, the mother or the children have had a chance to get paid work which enabled them to leave the assistance rolls or kept them from having to ask for aid. In these families, the incentive of financial independence, patriotic motives, and sometimes the pressure of public opinion and of staff in assistance agencies have often led to decisions which are unwise in the long run for either the family or the community. In taking work outside their homes, some women have had to leave their children without needed care or supervision, while children have cut short schooling which they need for the future. For some families with sons and daughters in the armed forces, servicemen's allowances have obviated need for assistance.

Aid to dependent children also has been replaced to some extent by the development of survivors insurance under the Social Security Act. A worker may become currently insured after only a year and a half in covered employment, and his minor children and their mother then are eligible for survivor benefits if he dies. By the end of the fiscal year, more fatherless children were receiving survivor benefits under the Social Security Act than were receiving aid to dependent children. Many of the children on the insurance rolls, of course, would not have been applicants for aid to dependent children in any event, for insurance benefits are paid irrespective of the family's resources. Some families with only minimum survivor benefits received supplementary aid under the assistance program. For others, however, the relatively small assured income from the insurance system means the difference between financial independence and dependency. The extent to which either old-age or survivor benefits can obviate need for assistance is severely limited by the restriction of insurance coverage. Because farm work is not covered by the insurance program, country families, with the largest number of children, are less likely than city families to have this protection.

Aid to the blind.—From June 1943 to June 1944 the number of recipients of aid to the blind declined nearly 5 percent. For the 46 States with plans approved by the Board, the total increased nearly 8 percent, largely because of the inclusion of the Illinois plan approved in October 1943. Because two large State programs are administered without Federal financial participation, only about 78 percent of the recipients of aid to the blind were in States receiving Federal funds for this purpose. In June 1944, the number of recipients represented 58 persons per 100,000 civilian population in the continental United States. State recipient rates ranged from 140 per 100,000 in Pennsylvania, which does not receive funds under the Social Security Act, to 9 per 100,000 in Connecticut.

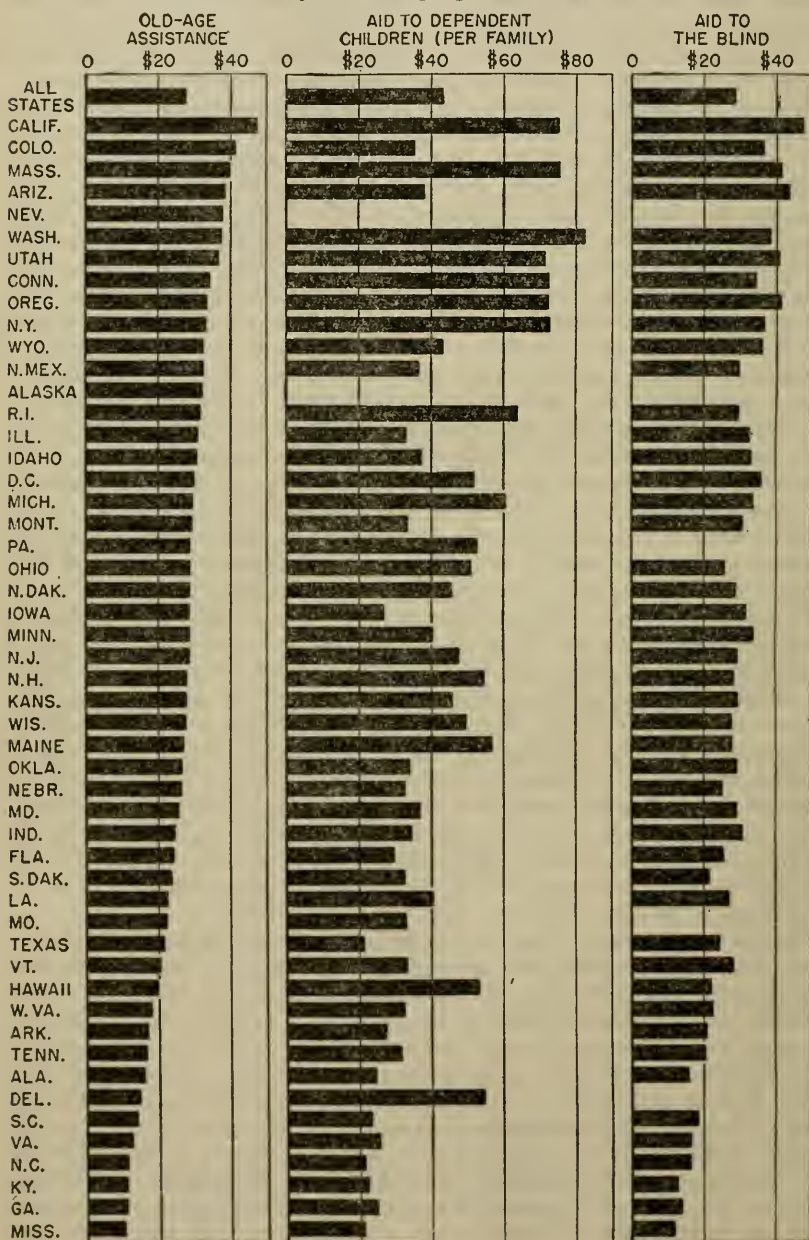
General assistance.—The decline in the general assistance rolls from June 1943 to June 1944 was substantial (27 percent) but considerably less than in the preceding 12 months. Available data indicate that transfer of eligible persons from general assistance to the special types of assistance was a more important factor in this decline than opportunities to get work. As in the special types of public assistance, State figures differed widely. Case rolls were higher in June 1944 than a year earlier in six States (Alabama, Alaska, Louisiana, Oregon, South Carolina, Washington), while eight (Illinois, Iowa, New Jersey, New York, North Dakota, West Virginia, Wisconsin, Wyoming) reported declines of 30 percent or more. Decline in general assistance does not imply that all needy persons are being cared for, since some

State programs are extremely limited in coverage and in parts of some States this type of aid is wholly lacking.

Assistance Payments

During the war years, improvement in State and local fiscal re-

Chart 11.—Average payment per recipient under approved plans for public assistance, by State and program, June 1944



sources has made it possible for some States to give assistance for the first time to eligible persons who could not be aided earlier because funds were lacking, or to improve gravely inadequate levels of assistance. Everywhere there has been need to adjust to the rise in living costs. By 1943-44, moreover, the liquidation of Federal emergency programs of public aid, especially the food stamp plan and distribution of surplus commodities, had removed additional sources of aid on which many assistance recipients had relied in earlier years, particularly in States where assistance payments are very low. Trends in expenditures for assistance, therefore, have not paralleled the declines in recipients. Payments to needy persons under the four assistance programs in 1943-44 totaled only 7.6 percent less than the total in 1940-41, when the defense program was beginning.

The total of \$934.9 million in assistance in 1943-44 was slightly more (0.7 percent) than in the preceding year. An increase in old-age assistance and a slight rise in aid to the blind more than offset the sharp decline in aid to dependent children and the drop in general assistance, some of which resulted from transfer of eligible persons to the special types of assistance. Because of these differences, old-age assistance constituted about 73 percent of the total for the fiscal year, as compared with 66 percent in the preceding year, while aid to dependent children represented 14 percent; aid to the blind, 3 percent; and general assistance, 10 percent.

Old-age assistance.—Payments in the fiscal year (\$679.0 million) totaled 10 percent more than in 1942-43; totals were higher in 41 States and lower in 10. Although for the United States as a whole the average payment rose each month of the fiscal year and was more than \$2.80 higher in June 1944 than a year earlier, State figures show a decline over the year of more than \$3.50 in Kentucky at one extreme and a rise of \$9.60 in California, at the other. The range in average payments in June 1944 was from \$47.20 a month in California to \$10.03 in Mississippi, with two States (California and Colorado) paying an average above the Federal matching maximum of \$40.

Aid to dependent children.—Total payments for aid to dependent children in 1943-44 (\$135.5 million) were nearly 10 percent less than in the previous year. The average payment per family rose each month from June 1943 to April 1944, however, and in June 1944 was \$43.08, a little more than \$4 higher than a year earlier, though in five States the average declined. At the close of the fiscal year, State averages ranged from \$82.45 a month for families in the State of Washington to \$20.92 in Mississippi.

Aid to the blind.—Total payments for aid to the blind, like the recipient rolls of this program, have changed only slightly over the past 5 years. The total for 1943-44 (\$25.2 million) was about 1 percent more than in the preceding year. Average payments per recipient rose slightly throughout the fiscal year, from \$27.07 to \$28.77; in June 1944, State averages ranged from \$47.44 in California to \$11.64 in Mississippi.

General assistance.—Payments for general assistance totaled \$95.2 million in the fiscal year, declining, with occasional interruption, from \$9.3 million in June 1943 to \$7.2 million in June 1944. The total for the fiscal year was 31 percent below that for 1942-43. The average monthly payment in June 1944 was \$27.84, with a relatively wider range than for any of the other assistance programs—from \$43.79 in

New York to \$7.19 in Mississippi. Except for New Mexico, all the States with averages below \$15 are also those in which payments for each of the three special types of public assistance are below the averages for the United States.

Financing Public Assistance

In 1943-44, Federal grants to States under the Social Security Act met 41.2 percent of total public assistance payments in the United States and Territories; State funds bore 45.6 percent, and local funds, 13.2 percent. Federal funds met 47.6 percent of the administrative costs and payments for old-age assistance. In States with plans approved by the Social Security Board, Federal funds represented 38.3 percent of the expenditures for assistance and administration for aid to dependent children, and 47.5 percent of similar costs for aid to the blind. The lower proportion of Federal aid for dependent children results in considerable part from the lower maximum for Federal matching—for aid to dependent children, a Federal-State total of \$18 a month for the first child and \$12 for each additional child aided in the same home, as compared with \$40 a month for a recipient of old-age assistance or aid to the blind. Federal funds bore no part of the \$95.2 million paid in general assistance or of the \$5.7 million paid in aid to the blind and dependent children in States which did not request Federal funds under the Social Security Act in 1943-44.

The amounts of the Federal grants for public assistance depend on the amounts States themselves make available for Federal matching. Federal grants certified in the fiscal year total \$340.8 million for old-age assistance, \$54.4 million for aid to dependent children, and \$9.7 million for aid to the blind. Of this total of \$404.9 million, only 8.4 percent went to 10 States which had 17.4 percent of the population but were lowest in per capita income in 1943. Moreover, State eligibility conditions and other statutory or administrative provisions of State plans vary widely, with resulting differences in the coverage of the State programs, the levels of payments, and the relative amounts of Federal funds claimed by the State.

Eligibility Conditions

In the administration of the special types of public assistance under the Social Security Act, both the chances of an individual's receiving aid and the amount which he gets depend greatly on the State in which he files his application. In many States, conditions not required by the Federal act exclude otherwise eligible applicants for aid and keep the State from obtaining the Federal funds otherwise available to aid needy persons within their borders.

Unless an applicant is a citizen of the United States, or has signified intention of becoming a citizen, or has lived in the United States for 10 years or more, he is denied old-age assistance in 26 States or aid to the blind in 7 of the States with approved plans. States, however, may, if they wish, use Federal funds for needy aliens, as 25 States are doing for old-age assistance and 37 for aid to the blind. In 24 States with approved plans, a needy blind person is denied aid to the blind if he is under 16, 18, or 21 years of age, while in 22 States Federal funds are used for aid to the blind without regard to the recipient's age. In 13 States a child cannot qualify for or continue to receive aid to

dependent children unless he is under age 16, even though he may still be at school; with slight differences in their requirements, 36 States are using their opportunity to obtain Federal funds under the Social Security Act for needy school children aged 16 and 17.

An otherwise eligible applicant for aid is denied old-age assistance in 35 States if he cannot meet the maximum residence requirement (the year preceding application and 4 other years out of the last 9) permitted in the Social Security Act as a condition for approval of a State plan. The same maximum is imposed for aid to the blind in 20 of the States with approved plans, and in 10 additional States this maximum is imposed unless an applicant became blind while a resident of the State. Twenty-seven States impose the upper Federal limit on residence requirements for aid to dependent children (the year immediately preceding application for the mother and the child or for the mother alone if the child was born during the year). Some States, on the other hand, are making wider use of their opportunities to claim Federal matching in payments to needy persons. Rhode Island has no residence requirement for any form of assistance. Nine States require only a year's residence for old-age assistance, and 11 only a year for aid to the blind; 2 of these latter waive the requirement if the applicant became blind while a resident of the State.

Several States require liens on the property of recipients, although the Federal act has no such condition. In some States, assistance is denied if relatives are financially able to support the applicant, even if they fail to do so. There is no parallel for this requirement in the Social Security Act; the recipient of assistance must be "needy" if Federal funds are to be used in his behalf, and his resources must be taken into account in determining the existence and extent of his need, but the Board has stressed the point that resources should be actual rather than merely potential.

The Right to Assistance

The Social Security Act represents a long step forward in establishing the right of a needy person to public aid. That principle is inherent in the act's requirement that assistance must be given in the form of a money payment, which the recipient is free to use as he deems best; in the requirement that a State plan provide opportunity for a fair hearing of persons whose applications are denied; and the requirement that safeguards be provided to restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with administration of the program.

The preceding pages indicate some of the barriers which hinder or block full realization of the right of the needy to aid—lack of funds, restrictions on eligibility, and inadequate standards of assistance. Several of these barriers—the basis and scope of Federal financial participation in assistance and the inadequacy of provision for medical services—have been discussed earlier in this report. Other types of problems arise in administrative procedures. Special problems arise, for example, in meeting the need of persons who require particular housekeeping or other services in addition to the money payment, or the need of recipients whose physical or mental condition becomes such that they require guardianship or can best be aided through institutional care. These problems have continued to engage the attention of the Board and of many States

during the past year. Several States have asked for advice and aid in making applicants and recipients better aware of their rights to appeal from agency decisions and in establishing more informal and effective procedures for conduct of hearings. This also is an area in which study and development are needed.

Administering Social Security Programs

The Social Security Board maintained throughout the fiscal year 1943-44 the organization and responsibilities described in the *Eighth Annual Report*. Its membership likewise was unchanged: Arthur J. Altmeyer of Wisconsin continued as Chairman of the Board, and George E. Bigge of Rhode Island and Ellen S. Woodward of Mississippi as the two other members. Oscar M. Powell of Texas continued to serve as Executive Director. Major organizational units are shown on page iv.

Appropriations and Expenditures

Federal appropriations for the fiscal year for programs administered by the Board on a solely Federal basis or in cooperation with the States amounted to \$476.7 million, or about 5 percent less than for 1942-43. Of this sum, which includes about \$4.1 million transferred by the War Manpower Commission as reimbursement to States for administrative expenses incurred for the U. S. Employment Service, nearly \$449.8 million, or 94 percent, was appropriated for grants to States for public assistance and for unemployment compensation administration. Including amounts allotted from appropriations to the Federal Security Agency, \$27 million, or about 6 percent, was appropriated for salaries, travel, and general expenses of the Board's central, area, regional, and field offices.

Administrative expenses of the Board during the year were \$1 million less than the amount appropriated; in its 9 years of operation the Board has saved a total of about \$24 million from its annual administrative budgets. Such savings have resulted from unremitting efforts to find simpler, more effective, and less costly methods of doing each job and, during the war, from inability to recruit needed personnel and postponement, whenever possible, of ultimately necessary outlays for equipment and materials. Some of these wartime cuts, while essential in present circumstances, could not be continued indefinitely without threat to the rights of individuals for whom the social security program was established.

Total administrative expenses of the Board declined 7 percent from 1942-43; its pay roll dropped 7 percent, travel expenses nearly 14 percent, and general expenses 9 percent. The smaller decrease in salaries than in the other two categories resulted from overtime pay, other statutory provisions for salary increases, and the relatively greater loss of younger and lower-salaried personnel to the armed forces and other Federal agencies. Of the Board's administrative expenses in 1943-44, \$23.1 million, or 89 percent, represented administrative costs of old-age and survivors insurance, reimbursed from the old-age and survivors insurance trust fund. Thus, only \$2.8 million represented a final charge against general Federal revenues.

Grants certified to States for public assistance payments and admin-

istration rose to nearly \$405 million, because States provided larger amounts than in preceding years to be matched by Federal grants for old-age assistance and aid to the blind. Total Federal grants for aid to dependent children declined by \$13.5 million, to \$54.4 million. Of the total Federal funds certified to States for public assistance, about 84 percent went for old-age assistance, less than 14 percent was for aid to dependent children, and about 2 percent for aid to the blind.

In 1943-44 the Board certified \$36.1 million for unemployment compensation administration. This sum included grants from the \$4.1 million transferred to the Board by the War Manpower Commission to reimburse States for services and facilities of the State unemployment compensation agencies in operations of the USES, and \$900,000 for postage. Amounts certified during this fiscal year are not comparable with certifications in previous years because of differences in administering and financing employment services.

Expenditures of sums from the President's Emergency Fund allocated for civilian war benefits, civilian war assistance, and aid to enemy aliens, described later, are not included here or in table 2.

Board Personnel

As of June 30, 1944, the Board had 10,045 employees, of whom a little more than half were in the central offices in Washington and Baltimore and the rest in the area, regional, and field offices which comprise the decentralized field organization. As of June 1944, 2,750 employees of the Board were on military leave without pay. In all, about 5,700 persons have rights to reemployment with the Board because of military leave or war-emergency transfers to other government jobs or private employment. The staff at the end of the year was smaller by 540 than a year earlier and nearly one-fifth less than in January 1943, when the Board was carrying the same responsibilities. The lengthening of the workweek in December 1942 from 44 to 48 hours has helped in adjusting to smaller staff. On the other hand, many of the employees obtained to replace experienced personnel who left for the armed forces or emergency agencies have had little or no prior training or experience in operations such as those maintained by the Board. Only through intensive training on the job and through developing and applying methods of job analysis and work simplification has it been possible to keep work current.

In the largest area of Federal administration, old-age and survivors insurance, wartime factors and the continuing rise in the beneficiary rolls caused large increases in work loads. The expansion of employment during the war increased the number of wage items received from a peacetime level of 135 million during the fiscal year 1940-41 to 196 million in 1943-44, and the benefit rolls had grown from 103,000 to 998,000 during the same period. Nevertheless, the number of employees concerned with this program was substantially less in 1943-44 than in the earlier year. This reduction was accomplished in the face of a loss of 2,400 experienced persons to the armed forces and very heavy turn-over among the newer, inexperienced personnel that replaced them.

With the approval of the Civil Service Commission, the Board undertook direct recruiting of operators for old-age and survivors insurance wage-record machines and, later, also of stenographers,

typists, and other persons who might serve at least part time. These efforts and on-the-job training have made it possible to handle the record volume of wage items, the increasing number of benefit claims, and adjustments such as changes in address, payment status, and the like. These adjustments had to be made during the year at the rate of 14 actions for every 15 beneficiaries on the increasing rolls. So far as possible, machines have been used to replace laborious clerical recording. Because of the shortage of trained personnel in Baltimore's critical manpower area, initial operations on about one-third of the wage records are now being performed in area offices in Philadelphia, Chicago, and New Orleans.

Field Organization

Substantial economies were effected early in the fiscal year (September 1, 1943) by consolidating the two regional offices which served New York, Pennsylvania, New Jersey, and Delaware. The saving in rent and the elimination of 28 positions amounted to about \$100,000 a year. Decentralization of responsibilities to regional offices was continued. These offices now carry effectively many personnel, pay-roll, and other management functions formerly maintained in Washington.

Consolidation of field offices reduced the total number from 471 on June 30, 1943, to 436 a year later. To maintain at least part-time services to workers, employers, and beneficiaries, the number of branch offices was increased from 16 to 31, but the number of stations with itinerant services was reduced from 1,188 to 1,133.

The Board continues to recognize the importance of bringing the program to the people through local offices and service points. For example, determination of eligibility and amount of benefits in more than 95 percent of the claims is made in the field offices.

Work Simplification and Training

Board employees have been called upon during the fiscal year to analyze their jobs to see what steps, procedures, and products are really necessary for effective administration. Nearly every employee who has taken part in this program has made at least one proposal for simplifying, speeding, or dropping routine processes. Approximately 90 percent of these proposals have been adopted, many affecting several areas of operations and several units of the organization. Employee proposals become a part of their permanent personnel records. As a result of labor-saving suggestions and self-questioning on the meaning, purpose, and value of working methods, substantial savings have been made not only in time but also in supplies and equipment. Paper has been saved by cutting down the number and size of forms and other publications, by use of lighter paper stock, and by consistent efforts to write shorter, simpler, and clearer statements. These and similar accomplishments have evidenced concretely the spirit of cooperation among clerical, supervisory, and executive staff.

Basic training courses, as in past years, are required of all new employees, and refresher courses are given for those who need to improve their technical or clerical skills. With the work-simplification techniques, however, all employees are in a continuing course of training, for no type of work persists solely on the momentum of tradition or habit.

Personnel Merit Systems in State Agencies

The conditions of Federal grants for both unemployment compensation administration and public assistance include methods of administration which the Board finds necessary for proper and efficient operation, including methods relating to the establishment and maintenance of personnel standards on a merit basis. Although the Board has no authority over selection, tenure of office, or compensation of any individual employed by the State agencies under such personnel merit systems, in carrying out the responsibility imposed by the act it must establish criteria and methods for determining the existence and maintenance of State merit systems and for evaluating these systems.

Such evaluation indicates that State merit systems have functioned adequately in spite of war stresses. Most jurisdictions have been able to continue to make appointments from established registers of qualified candidates. Wartime difficulties in recruitment have led to simpler methods of recruiting and examining candidates and setting up registers. As compared with 5 States in 1942-43, only 3 States now have separate merit systems for public assistance and unemployment compensation; 27 others maintain a joint merit system for both programs. In 3 States, the social security agencies are covered within a limited civil-service system. State-wide civil-service systems serve the agencies of the remaining 18 States; in several of these States, county welfare units are served by a special departmental merit system; in others, by a county-wide civil-service system; and in a few, by both types of system.

Substantial progress has been made toward providing a genuine career service in State social security administration. The principles underlying such a service require opportunity for all qualified persons to compete for positions; reasonable assurance of tenure after a trial period which demonstrates satisfactory performance; opportunities for individual development and promotion on the basis of quality of performance; and compensation ranges based on equal pay for equal work, with appropriate steps to recognize long service and superior performance. During the year, increasing emphasis has been placed on use of the personnel review to give the Board and the States an objective measure of the effectiveness of merit-system operations, and on the development of guide materials and a revised manual of merit-system procedures.

State agencies have lost experienced workers to the armed forces, war industries, and other jobs at higher rates of pay. Decline in staff, even though offset in some instances by reduced work loads, poses problems for these agencies in maintaining current work loads and preparing for the anticipated increase in beneficiaries and recipients following demobilization and industrial reconversion. At that time, State agencies will also face difficult problems in reinstating employees on military leave.

Emergency Programs

The Board became responsible in February 1942 for administering two war emergency programs for civilians in the United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands, to compensate for income loss and to provide assistance and services for civilians and their families suffering from disability, death, disappearance, or

internment resulting from enemy action, or from injury or death caused by efforts to meet such action. A third program furnishes assistance and services to enemy aliens and others affected by restrictive governmental action. The authorization and establishment of these programs, which are financed by special allotments from the President's Emergency Fund, have been described in previous annual reports. The favorable course of the war and special legislation affecting survivors and dependents of employees of contractors with the United States who suffered from enemy action in the Pacific area have minimized the role of the emergency programs.

The civilian war benefits program protects members of civilian defense organizations against the risks of total disability, partial permanent disability to the extent of at least 30 percent of total, and death arising from injury incurred in line of duty, and pays benefits to dependents of civilians who were killed, missing, or detained by enemy action. Monthly benefits, which range from \$10 to \$85, are based on the civilian's earnings; in addition, a lump sum up to \$100 may be paid as reimbursement for burial expenses. Total payments under this program in the fiscal year 1943-44 amounted to \$203,000, of which \$76,200 was paid to 560 civilian defense workers who suffered temporary disability; \$4,600 to permanently disabled civilian defense workers; \$118,600 to survivors of defense workers killed in line of duty and to dependents and survivors of other civilians affected by enemy action; and \$3,500 in burial expenses. In June 1944, 13 permanently disabled civilian defense workers received \$458 in monthly benefits, and dependents' and survivor benefits amounted to \$8,575.

All persons actually or potentially eligible for civilian war benefits may also receive, although not simultaneously, temporary aid and essential services under the civilian war assistance programs, through arrangements made by the Board with public assistance agencies of 51 jurisdictions, including Puerto Rico. Persons repatriated to the United States, shipwrecked persons and their dependents, and individuals and families evacuated from the Territories, island possessions, or danger points within the United States, have also been aided. In the fiscal year 1943-44, assistance payments amounting to \$64,300 were made by the collaborating State agencies from funds advanced or reimbursed by the Social Security Board. In June 1944, 71 cases received services only and 52 received assistance payments amounting to \$4,004.

Similar agreements between the Board and public assistance agencies of 52 jurisdictions (including Puerto Rico) provide for assistance and services to enemy aliens and others affected by restrictive governmental action. This program is administered by the Board at the request of, and in accord with policies prescribed by, the War Relocation Authority and the Department of Justice. It serves persons who must move from a designated area under orders of the Army or other authorized Government agency or who, within such areas, are subject to military regulation; enemy aliens and others who have been detained or interned or have been in War Relocation centers and later released; and the dependents of interned, detained, or released aliens. By the same type of arrangement as in civilian war assistance for advance or reimbursement by the Social Security Board, participating States made assistance payments in the fiscal year 1943-44 amounting to \$104,000 under this program. In June 1944, 89 cases received

services only and 145 received assistance payments totaling \$11,421.

Funds for civilian war benefits and assistance have been made available for the next fiscal year by the Second Deficiency Appropriation Act, 1944 (Public Law No. 375, 78th Cong., 2d sess., approved June 28, 1944), which continues the availability of any balance in the President's Emergency Fund for any function or project unless an appropriation requested for the purpose has been denied. Aid to enemy aliens and others will be financed from funds authorized in regular appropriations to the War Relocation Authority and the Board.

Effectiveness of Social Security Programs

Administration of social security programs is more than a system of checks and balances on funds due or expended. It deals with the rights and social and economic welfare of human beings on whom State and national welfare depends. The Board and many State agencies carry specific statutory responsibilities for studying methods of strengthening existing measures for social security and analyzing unmet needs and ways to meet them. The major problems which have come to light have been outlined in this report. They arise from gaps in insurance and assistance coverage, unduly stringent eligibility conditions for both insurance and assistance, low levels of benefits and payments, and differences in the rights of individuals in like circumstances to qualify for insurance protection or assistance.

Under the Social Security Act, the Board is required not only to ascertain that Federal funds granted for unemployment compensation administration and public assistance are used in accordance with Federal statutory requirements, but also to determine that State administration meets the objectives defined in both State and Federal laws. State agencies and the Board have worked together to analyze the effectiveness of past and current operations and the probable role of the social security program in the immediate and long-range future.

The Board is also responsible for ensuring that Federal funds which it certifies for State use are expended for the purposes set forth in the Social Security Act and the statutes which make these funds available. These responsibilities entail interstate comparisons of the effectiveness of Federal requirements and continued evaluation of the extent to which their purpose is met. Through its regional staff, the Board is called upon by State agencies not only for advice in interpreting Federal requirements but also for counsel on steps which will strengthen and improve operations and reduce the gaps between program objectives and program accomplishments. Administrative guides, interpretation of Federal standards and criteria for determining the basis for Board action in regard to State programs, and joint consideration of State problems by Federal and State agency staff serve as a working structure which can be modified and improved through practical application in local, State, and Federal offices. The administrative review of State programs and audits of State expenditures are tools for both Federal and State use in measuring progress.

Throughout the year, the Board and its staff have considered problems inherent in the scope, character, and administrative framework of provisions for social security which limit realization of the potential value of the program. The major findings of these studies and the Board's proposals for present and future action are outlined in part I.

APPENDIX

Regional and Field Organization of the Social Security Board, as of June 30, 1944

REGION I. Regional Director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston 16, Mass.

Connecticut: 9 field offices—Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury; 1 branch office—Willimantic; itinerant service—14 other places.

Maine: 4 field offices—Augusta, Bangor, Lewiston, Portland; itinerant service—7 other places.

Massachusetts: 20 field offices—Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester; 2 branch offices—Attleboro, Dorchester; itinerant service—27 other places.

New Hampshire: 4 field offices—Concord, Littleton, Manchester, Portsmouth; 1 branch office—Nashua; itinerant service—11 other places.

Rhode Island: 3 field offices—Pawtucket, Providence, Woonsocket; 1 branch office—Newport; itinerant service—2 other places.

Vermont: 3 field offices—Burlington, Montpelier, Rutland; itinerant service—7 other places.

REGION II—III. Regional Director: Peter Kasius, Social Security Board, 11 West Forty-Second Street, New York 18, N. Y.

Delaware: 1 field office—Wilmington; itinerant service—3 other places.

New Jersey: 10 field offices—Atlantic City, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton; itinerant service—14 other places.

New York: 32 field offices—Albany, Auburn, Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 4; Bronx, 2; Brooklyn, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Poughkeepsie; Rochester, Schenectady, Syracuse, Troy, Utica, Watertown, Yonkers; 1 branch office—Oswego; itinerant service—60 other places.

Pennsylvania: 28 field offices—Allentown, Altoona, Ambridge, Braddock, Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazleton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Uniontown, Wilkes-Barre, Williamsport, York; 1 branch office—Oil City; itinerant service—56 other places.

REGION IV. Regional Director: Lavinia Engle, Social Security Board, Lenox Building, 1523 L Street NW., Washington 25, D. C.

District of Columbia: 1 field office—Washington.

Maryland: 4 field offices—Baltimore, Cumberland, Hagerstown, Salisbury; itinerant service—16 other places.

North Carolina: 13 field offices—Asheville, Charlotte, Durham, Fayetteville, Gastonia, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem; itinerant service—56 other places.

Virginia: 10 field offices—Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton; itinerant service—32 other places.

West Virginia: 7 field offices—Bluefield, Charleston, Clarksburg, Huntington, Martinsburg, Parkersburg, Wheeling; 3 branch offices—Beckley, Logan, Morgantown; itinerant service—20 other places.

REGION V. Regional Director: Mary E. Woods, Social Security Board, 521 Union Commerce Building, Cleveland 14, Ohio

Kentucky: 10 field offices—Ashland, Bowling Green, Corbin, Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah; itinerant service—34 other places.

Region V—Continued.

Michigan: 17 field offices—Battle Creek, Bay City, Detroit and Wayne County (Detroit 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Saginaw, Traverse City; itinerant service—56 other places.

Ohio: 19 field offices—Akron, Ashtabula, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Nelsonville, Portsmouth, Springfield, Toledo, Warren, Youngstown, Zanesville; itinerant service—71 other places.

REGION VI. Regional Director: Henry L. McCarthy, Social Security Board, Room 2200, 188 West Randolph Street, Chicago 1, Ill.

Illinois: 23 field offices—Aurora, Bloomington, Chicago and Cook County (Chicago 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East St. Louis, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan; 2 branch offices—Champaign, Galesburg; itinerant service—52 other places.

Indiana: 15 field offices—Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute; 1 branch office—East Chicago; itinerant service—54 other places.

Wisconsin: 11 field offices—Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Racine, Sheboygan, Superior, Wausau; 2 branch offices—Kenosha, Oshkosh; itinerant service—52 other places.

REGION VII. Regional Director: Richard H. Lyle, Social Security Board, 441 West Peachtree Street, Atlanta 3, Ga.

Alabama: 8 field offices—Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa; itinerant service—25 other places.

Florida: 8 field offices—Jacksonville, Miami, Orlando, Pensacola, St. Petersburg, Tallahassee, Tampa, West Palm Beach; 2 branch offices—Daytona Beach, Gainesville; itinerant service—20 other places.

Georgia: 10 field offices—Albany, Athens, Atlanta, Augusta, Columbus, La-grange, Macon, Rome, Savannah, Waycross; 1 branch office—Valdosta; itinerant service—42 other places.

Mississippi: 7 field offices—Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Vicksburg; 1 branch office—Tupelo; itinerant service—22 other places.

South Carolina: 7 field offices—Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg; 1 branch office—Anderson;¹ itinerant service—21 other places.

Tennessee: 8 field offices—Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville; itinerant service—38 other places.

REGION VIII. Regional Director: Chester B. Lund, Social Security Board, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis 1, Minn.

Iowa: 8 field offices—Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Ottumwa, Sioux City, Waterloo; itinerant service—4 other places.

Minnesota: 8 field offices—Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, St. Cloud, St. Paul, Winona; itinerant service—9 other places.

Nebraska: 4 field offices—Grand Island, Lincoln, North Platte, Omaha; itinerant service—14 other places.

North Dakota: 4 field offices—Bismarck, Fargo, Grand Forks, Minot.

South Dakota: 3 field offices—Aberdeen, Rapid City, Sioux Falls.

REGION IX. Regional Director: John E. Wrenn, Social Security Board, 1006 Grand Avenue, Kansas City 6, Mo.

Arkansas: 7 field offices—El Dorado, Fort Smith, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana; itinerant service—28 other places.

¹ Closed July 31, 1944.

Region IX—Continued.

Kansas: 6 field offices—Dodge City, Independence, Kansas City, Salina, Topeka, Wichita; 2 branch offices—Hutchinson, Pittsburg; itinerant service—31 other places.

Missouri: 11 field offices—Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kansas City, Poplar Bluff, St. Joseph, St. Louis (2), Springfield; itinerant service—31 other places.

Oklahoma: 8 field offices—Ardmore, Enid, Lawton, McAlester, Muskogee, Oklahoma City, Shawnee, Tulsa; itinerant service—22 other places.

REGION X. Regional Director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio 5, Tex.

Louisiana: 6 field offices—Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport; itinerant service—14 other places.

New Mexico: 3 field offices—Albuquerque, Roswell, Santa Fe; itinerant service—7 other places.

Texas: 20 field offices—Abilene, Amarillo, Austin, Beaumont, Big Spring, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls; itinerant service—84 other places.

REGION XI. Acting Regional Director: Richard A. Toomey, Social Security Board, 321 Equitable Building, 730 Seventeenth Street, Denver 2, Colo.

Colorado: 6 field offices—Alamosa, Colorado Springs, Denver, Grand Junction, Greeley, Pueblo; 2 branch offices—Boulder, Trinidad; itinerant service—17 other places.

Idaho: 3 field offices—Boise, Pocatello, Twin Falls; 1 branch office—Lewiston; itinerant service—5 other places.

Montana: 5 field offices—Billings, Butte, Great Falls, Helena, Missoula; 1 branch office—Havre; itinerant service—7 other places.

Utah: 2 field offices—Ogden, Salt Lake City; 1 branch office—Provo; itinerant service—1 other place.

Wyoming: 3 field offices—Casper, Cheyenne, Rock Springs; itinerant service—3 other places.

REGION XII. Regional Director: Richard M. Neustadt, Social Security Board, 785 Market Street, San Francisco 3, Calif.

Arizona: 3 field offices—Flagstaff, Phoenix, Tucson; 1 branch office—Prescott; itinerant service—1 other place.

California: 20 field offices—Bakersfield, Eureka, Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Rosa, Stockton; 2 branch offices—Inglewood, Santa Monica; itinerant service—30 other places.

Nevada: 2 field offices—Las Vegas, Reno.

Oregon: 5 field offices—Eugene, Klamath Falls, La Grande, Portland, Salem; itinerant service—7 other places.

Washington: 6 field offices—Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima; 1 branch office—Aberdeen; itinerant service—6 other places.

TERRITORIAL

Alaska: Territorial Director: Hugh J. Wade, Social Security Board, P. O. Box 1331, Juneau.

Hawaii: Territorial Director: Robert W. Beasley, Social Security Board, 425 Dillingham Building, Honolulu. One field office—Honolulu.

Area Offices of the Social Security Board

Chicago: 188 West Randolph Street, Chicago 1, Ill.

New Orleans: 829 St. Charles Street, New Orleans 13, La.

New York: 155 East Forty-fourth Street, New York 17, N. Y.

Philadelphia: 121 North Broad Street, Philadelphia 7, Pa.

San Francisco: 22 Battery Street, San Francisco 11, Calif.

Table 1.—*Social Security Board administration: Personnel, and salaries, travel, and general expenses, by Bureau or Office, fiscal year 1943-44*

[Amounts in thousands]

Bureau or Office	Personnel, June 30, 1944			Expenses, fiscal year 1943-44			
	Total	Departmental	Field	Total	Salaries	Travel	General expenses
Total.....	10,045	5,545	4,500	\$25,858	\$22,003	\$738	\$3,117
Office of the Board.....	16	16	-----	75	69	2	4
Office of the Executive Director.....	499	489	10	1,319	1,185	33	101
Regional and Territorial offices.....	352	-----	352	1,047	834	14	199
Office of the Actuary.....	14	14	-----	55	55	-----	-----
Office of Appeals Council.....	30	11	19	143	125	17	1
Bureau of Old-Age and Survivors Insurance.....	8,392	4,489	3,903	20,317	17,120	439	2,758
Bureau of Employment Security.....	217	189	28	811	745	56	10
Bureau of Public Assistance.....	224	147	77	977	881	85	11
Bureau of Accounts and Audits.....	200	106	94	737	655	77	5
Bureau of Research and Statistics.....	63	58	5	195	185	2	8
Informational Service.....	38	26	12	182	149	13	20

Table 2.—*Social Security Board administration: Appropriations,¹ expenses,² and personnel, fiscal years 1942-44*

[Amounts in thousands; data corrected to Aug. 15, 1944]

Item	1943-44	1942-43	1941-42
	Appropriations ¹		
Total.....	\$476,731	\$503,266	\$484,776
Grants to States.....	449,773	474,515	455,500
Old-age assistance ³	343,350	329,000	301,000
Aid to dependent children ³	56,885	78,000	73,000
Aid to the blind ³	10,115	8,710	9,000
Unemployment compensation administration.....	⁴ 39,423	⁵ 58,805	⁶ 72,500
Administrative expenses of Social Security Board ⁶	26,958	28,751	29,276
Salaries.....	22,451	23,856	23,670
Travel.....	858	1,121	1,650
General expenses.....	3,649	3,774	3,956
Item	Expenses ²		
	1943-44	1942-43	1941-42
Total.....	\$466,929	\$479,994	\$474,879
Grants to States.....	441,071	453,090	447,103
Old-age assistance ³	340,776	319,176	297,357
Aid to dependent children ³	54,402	67,927	69,381
Aid to the blind ³	9,764	8,523	7,947
Unemployment compensation administration.....	⁷ 36,129	⁸ 56,464	⁹ 72,418
Administrative expenses of Social Security Board.....	25,858	27,904	27,776
Salaries.....	22,003	23,616	22,433
Travel.....	738	858	1,458
General expenses.....	3,117	3,430	3,885
Item	Personnel, as of June 30		
	1943-44	1942-43	1941-42
Total.....	10,045	10,585	13,297
Departmental.....	5,545	5,846	8,247
Field.....	4,500	4,739	5,050

¹ Includes regular and deficiency appropriations to the Board; allotments and transfers to the Board for administrative expenses from appropriations of the Federal Security Agency; transfers from the War Manpower Commission for 1943-44; and defense appropriations for 1941-42 and 1942-43. Excludes appropriations under the Wagner-Peyser Act, available for July-December 1941, and allocations from the President's Emergency Fund for the war emergency programs.

² Obligations against funds available for fiscal year as defined in footnote 1 for grants to States (advances certified) and administrative expenses of the Social Security Board, including amounts for administration of title II of the Social Security Act for which the general fund of the Treasury is reimbursed from the old-age and survivors insurance trust fund.

³ Appropriations and expenses for public assistance grants reflect transfers among the 3 programs, made on approval of the Bureau of the Budget.

⁴ Includes \$4,095,411 transferred from WMC to reimburse States for unemployment compensation facilities and services furnished to U. S. Employment Service.

⁵ Includes appropriation for administering USES January-November 1942; figure for 1942-43 excludes \$23,845,471 transferred to WMC with transfer of USES December 1942.

⁶ Reflects transfers from Social Security Board appropriations to Federal Security Agency.

⁷ Includes expenditures by State agencies for facilities and services furnished to USES, reimbursed from the \$4.1 million received from WMC.

⁸ Includes \$15,803,000 for USES administered by Social Security Board, July-November 1942.

⁹ Includes \$18,496,000 for USES administered by Social Security Board, January-June 1942.

Table 3.—*Financing social insurance under the Social Security Act: Contributions collected under Federal and State laws, by fiscal year, 1942-44, and by month, fiscal year 1943-44*

[In millions ¹]

Fiscal year and month	Federal Insurance Contributions Act ²	Federal Unemployment Tax Act ³	State unemployment compensation laws ⁴	Fiscal year and month	Federal Insurance Contributions Act ²	Federal Unemployment Tax Act ³	State unemployment compensation laws ⁴
1941-42	\$896	\$120	\$1,094	.....	.....	.....	.....
1942-43	1,130	158	1,215	.....	.....	.....	.....
1943-44	1,292	180	1,352	.....	.....	.....	.....
1943				1944			
July	44	3	147	January	\$34	\$14	\$129
August	287	8	198	February	252	117	175
September	3	1	5	March	4	4	11
October	42	3	136	April	35	3	150
November	274	10	197	May	309	14	175
December	4	1	9	June	5	1	20

¹ Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

² Tax effective Jan. 1, 1937, paid by employers and employees at rate of 1 percent each of wages up to \$3,000 a year.

³ Tax effective Jan. 1, 1936, paid only by employers of 8 or more. Employers offset against this tax—up to 90 percent of the amount assessed—contributions which they have paid under State unemployment compensation laws or full amount they would have paid if they had not been allowed reduced contribution rates under State experience-rating provisions. Beginning 1939, Federal rate has been 3 percent of first \$3,000 a year of wages paid to each employee by subject employer; because of credit offset, effective rate is 0.3 percent of such wages.

⁴ Contributions, penalties, and interest collected by States from employers and contributions from employees deposited in State clearing accounts. Includes special war-risk contributions required in 10 States from employers with war-expanded pay rolls. Data reported by State agencies, corrected to Aug. 22, 1944.

Table 4.—*Financing social insurance under the Social Security Act: Operations of trust funds, by fiscal year, 1942-44, and by month, fiscal year 1943-44*

[In millions ¹]

Fiscal year and month	Federal old-age and survivors insurance trust fund				State accounts in Federal unemployment trust fund				
	Appropriations ²	Interest ³	Expenditures		Balance, end of period	Deposits	Interest ³	Withdrawals	Balance, end of period
			Benefits ⁴	Administration					
1941-42-----	\$896	\$71	\$110	\$27	\$3,227	\$1,096	\$62	\$368	\$2,884
1942-43-----	1,130	87	149	27	4,268	1,218	76	174	4,003
1943-44-----	1,292	103	185	33	5,446	1,349	89	60	5,380
1943									
July-----	44	(⁵)	14	3	4,295	44		4	4,042
August-----	287		14	3	4,565	300		5	4,337
September-----	3	1	14	3	4,552	9		4	4,341
October-----	42		15	3	4,576	36		3	4,373
November-----	274		15	3	4,832	289		3	4,659
December-----	4	2	15	3	4,820	14	41	4	4,711
1944									
January-----	34	(⁵)	15	2	4,837	36		5	4,742
February-----	252		16	2	5,072	263		6	4,999
March-----	4	1	17	2	5,058	18		7	5,009
April-----	35		16	3	5,073	44		7	5,047
May-----	309		17	3	5,362	277		6	5,318
June-----	5	100	17	3	5,446	20	47	5	5,380

¹ Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

² Trust fund appropriations equal taxes collected under Federal Insurance Contributions Act.

³ Interest on investments held by the old-age and survivors insurance trust fund is credited annually in June, and by the unemployment trust fund semiannually in December and June; on investments redeemed, in month of redemption.

⁴ Based on checks cashed and returned to Treasury.

⁵ Less than \$500,000.

Source: Compiled from data in *Daily Statement of the U. S. Treasury*.

Table 5.—*Old-age and survivors insurance: Accounts established, benefits in force and in current-payment status, payments certified, and workers with wage credits, for specified periods, 1942-44*

Item	Fiscal year		
	1941-42	1942-43	1943-44
Employee accounts established.....	6,676,949	¹ 8,261,340	¹ 5,778,242
Total taxable wages in period (millions) ²	\$47,138	\$50,911	\$65,837
Benefits in force (end of period):			
Number.....	595,890	795,712	998,229
Primary.....	277,463	349,240	417,921
Wife's.....	77,677	99,516	121,645
Child's.....	155,799	220,547	287,368
Widow's.....	21,934	38,191	58,107
Widow's current.....	60,507	84,669	108,721
Parent's.....	2,510	3,549	4,467
Total monthly amount.....	\$10,829,913	\$14,484,616	\$18,252,457
Primary.....	6,333,159	8,078,785	9,805,734
Wife's.....	943,617	1,225,285	1,517,354
Child's.....	1,897,210	2,701,544	3,545,892
Widow's.....	443,046	760,315	1,171,475
Widow's current.....	1,180,290	1,663,327	2,153,432
Parent's.....	32,591	46,360	58,570
Average monthly amount:			
Primary.....	\$22.82	\$23.13	\$23.46
Wife's.....	12.15	12.31	12.47
Child's.....	12.18	12.25	12.34
Widow's.....	20.20	20.14	20.16
Widow's current.....	19.51	19.65	19.81
Parent's.....	12.98	13.06	13.11
Benefits in current-payment status (end of period):			
Number.....	529,876	676,302	846,303
Primary.....	237,459	284,063	339,954
Wife's.....	68,760	84,398	103,164
Child's.....	147,674	201,954	261,806
Widow's.....	21,694	37,680	57,126
Widow's current.....	51,789	64,711	79,866
Parent's.....	2,500	3,496	4,387
Total monthly amount.....	\$9,554,886	\$12,198,617	\$15,350,875
Primary.....	5,431,459	6,598,535	8,027,699
Wife's.....	838,431	1,045,680	1,297,794
Child's.....	1,803,424	2,478,715	3,234,191
Widow's.....	437,580	758,205	1,151,346
Widow's current.....	1,011,528	1,271,749	1,582,297
Parent's.....	32,464	45,727	57,548
Average monthly amount:			
Primary.....	\$22.87	\$23.23	\$23.61
Wife's.....	12.19	12.39	12.58
Child's.....	12.21	12.27	12.35
Widow's.....	20.17	20.12	20.15
Widow's current.....	19.53	19.65	19.81
Parent's.....	12.99	13.08	13.12
Payments certified during period:			
Monthly benefits.....	\$102,248,283	\$139,139,105	\$173,281,396
Primary.....	58,432,792	75,930,714	90,931,439
Supplementary.....	10,200,264	13,332,457	15,843,939
Survivors.....	33,615,227	49,875,934	66,506,018
Lump-sum payments.....	14,241,942	16,595,499	19,156,468
1939 amendments.....	14,129,447	16,544,598	19,134,018
1935 act.....	112,495	50,901	22,450
Total estimated number of living workers with wage credits.....	³ 50,900,000	⁴ 58,700,000	⁵ 66,300,000
Fully insured.....	³ 25,800,000	⁴ 28,100,000	⁵ 30,200,000
Currently but not fully insured.....	³ 1,700,000	⁴ 3,100,000	⁵ 5,100,000
Uninsured.....	³ 23,400,000	⁴ 27,500,000	⁵ 31,000,000

¹ Excludes account numbers issued to 67,000 civilian employees of the War Department in 1942-43 and 118,000 in 1943-44.

² Unadjusted for nontaxable wages erroneously reported or for wages not counted in determining insurance benefits.

³ As of Jan. 1, 1942.

⁴ As of Jan. 1, 1943.

⁵ As of Jan. 1, 1944.

Table 6.—*Old-age and survivors insurance: Accounts established, employers reporting, benefits in force, and payments certified, by State and specified period, 1943-44*

[In thousands; corrected to Sept. 25, 1944]

State ¹	Employee accounts established, fiscal year 1943-44 ²	Employers ³ reporting taxable wages for July-September 1943	Monthly benefits in force, June 30, 1944		Amount of payments certified, ⁴ fiscal year 1943-44		
			Number	Amount	Total ⁵	Monthly benefits	Lump-sum death payments under 1939 amendments
Total	5, 968	1, 995	998. 2	\$18, 252	\$192, 438	\$173, 282	\$19, 134
Alabama.....	143	24	15. 1	216	2, 306	2, 095	211
Alaska.....	3	4	. 3	5	58	49	9
Arizona.....	29	7	3. 0	53	527	480	47
Arkansas.....	94	15	6. 8	97	963	880	83
California.....	396	129	59. 6	1, 172	11, 663	10, 377	1, 286
Colorado.....	46	17	7. 5	140	1, 383	1, 265	118
Connecticut.....	58	30	19. 0	376	3, 783	3, 318	465
Delaware.....	11	5	2. 6	51	521	468	53
District of Columbia.....	47	14	4. 9	91	895	806	89
Florida.....	106	31	14. 5	252	2, 981	2, 762	219
Georgia.....	164	29	14. 6	203	2, 271	2, 019	252
Hawaii.....	12	4	3. 1	48	517	490	27
Idaho.....	22	7	2. 2	37	359	341	18
Illinois.....	359	156	67. 1	1, 312	14, 446	12, 889	1, 557
Indiana.....	162	51	27. 1	489	5, 093	4, 592	501
Iowa.....	94	40	12. 4	218	2, 335	2, 170	165
Kansas.....	73	27	8. 3	142	1, 545	1, 418	127
Kentucky.....	110	24	16. 4	253	2, 799	2, 591	208
Louisiana.....	118	23	11. 6	176	1, 902	1, 709	193
Maine.....	35	16	8. 9	153	1, 490	1, 350	140
Maryland.....	82	27	14. 8	261	2, 939	2, 563	376
Massachusetts.....	169	74	49. 4	963	9, 617	8, 598	1, 019
Michigan.....	259	81	43. 2	819	8, 437	7, 479	958
Minnesota.....	110	42	14. 9	291	3, 083	2, 833	250
Mississippi.....	93	14	5. 7	76	809	721	88
Missouri.....	165	59	24. 4	448	4, 760	4, 289	471
Montana.....	18	9	3. 3	59	560	509	51
Nebraska.....	49	20	5. 2	91	873	788	85
Nevada.....	6	3	. 7	16	141	116	25
New Hampshire.....	20	9	5. 8	103	982	892	90
New Jersey.....	167	76	43. 9	879	9, 759	8, 737	1, 022
New Mexico.....	22	6	1. 7	26	274	253	21
New York.....	580	286	131. 7	2, 588	27, 676	24, 922	2, 754
North Carolina.....	150	33	18. 1	250	2, 764	2, 483	281
North Dakota.....	20	7	1. 6	27	238	213	25
Ohio.....	310	103	64. 9	1, 241	13, 074	11, 766	1, 308
Oklahoma.....	112	27	7. 7	131	1, 459	1, 329	130
Oregon.....	56	19	9. 5	177	1, 389	1, 199	190
Pennsylvania.....	391	132	101. 8	1, 902	20, 439	18, 527	1, 912
Rhode Island.....	24	12	9. 0	173	1, 689	1, 502	187
South Carolina.....	79	16	9. 4	125	1, 382	1, 255	127
South Dakota.....	22	9	1. 8	31	352	310	22
Tennessee.....	168	30	15. 0	216	2, 286	2, 088	198
Texas.....	342	93	28. 1	446	4, 863	4, 380	483
Utah.....	25	7	3. 9	69	643	594	49
Vermont.....	14	7	3. 5	62	585	539	46
Virginia.....	115	34	17. 4	266	2, 877	2, 617	260
Washington.....	101	32	15. 9	311	2, 844	2, 537	307
West Virginia.....	77	19	17. 4	283	3, 097	2, 920	177
Wisconsin.....	130	52	22. 3	420	4, 489	4, 051	438
Wyoming.....	10	4	1. 2	19	219	203	16

¹ State distribution of benefits in force and payments certified estimated; for beneficiaries residing in foreign countries, data are allocated to State in which claim was filed.² June 26, 1943-June 30, 1944.³ Employer returns filed. Partly estimated. A return may relate to more than 1 establishment if the employer operates several separate establishments but reports for concern as a whole. Employers operating in more than 1 State are included in State from which report is filed.⁴ Includes retroactive payments.⁵ Total for United States includes lump-sum payments under the 1935 act amounting to \$22,000 not distributed by State.

Table 7.—Unemployment compensation: Accounts in the Federal unemployment trust fund, by State, fiscal year 1943-44¹[In thousands²]

State	Balance, June 30—			Operations, fiscal year 1943-44		
	1942	1943	1944	Deposits	Interest	Withdrawals
Total.....	\$2,880,900	\$4,002,961	\$5,381,300	\$1,349,866	\$88,564	\$60,091
Alabama.....	31,280	41,822	54,645	12,628	898	702
Alaska.....	2,202	3,648	5,622	1,918	83	27
Arizona.....	5,984	10,176	14,529	4,208	236	90
Arkansas.....	10,793	16,905	22,202	5,317	370	390
California.....	226,505	363,502	535,107	170,991	8,541	7,927
Colorado.....	15,184	21,877	27,693	5,507	469	160
Connecticut.....	76,116	105,388	138,708	31,831	2,304	815
Delaware.....	10,149	11,634	13,152	1,340	233	55
District of Columbia.....	28,207	36,883	40,590	3,600	741	634
Florida.....	16,664	25,636	39,788	14,151	610	610
Georgia.....	34,723	45,420	60,567	14,620	1,001	475
Hawaii.....	9,854	12,984	15,064	1,845	265	30
Idaho.....	4,035	7,919	11,051	3,010	180	58
Illinois.....	275,263	349,610	422,523	72,578	7,234	6,900
Indiana.....	73,698	104,900	143,656	38,468	2,358	2,070
Iowa.....	26,320	34,418	46,274	11,414	750	308
Kansas.....	18,642	29,204	40,388	11,230	656	702
Kentucky.....	45,895	58,290	70,714	11,985	1,209	770
Louisiana.....	23,313	36,640	55,513	18,634	874	635
Maine.....	10,254	18,760	27,423	8,517	441	295
Maryland.....	41,825	69,021	97,245	27,430	1,594	800
Massachusetts.....	123,541	154,135	186,435	31,385	3,214	2,300
Michigan.....	123,053	172,883	233,574	60,299	3,892	3,500
Minnesota.....	30,353	43,875	63,787	19,525	1,017	630
Mississippi.....	6,834	12,064	17,716	5,564	281	193
Missouri.....	87,382	99,369	124,494	24,600	2,105	1,580
Montana.....	6,432	10,007	13,641	3,510	224	100
Nebraska.....	10,590	14,988	20,404	5,230	336	150
Nevada.....	2,037	5,260	7,756	2,401	125	30
New Hampshire.....	10,225	14,050	17,723	3,602	301	230
New Jersey.....	210,161	265,537	350,462	83,221	5,764	4,060
New Mexico.....	3,680	5,578	7,518	1,820	124	5
New York.....	349,109	500,393	722,198	221,437	11,457	11,090
North Carolina.....	40,241	59,964	80,669	19,759	1,336	390
North Dakota.....	2,544	3,243	4,085	784	69	12
Ohio.....	249,797	301,877	377,802	70,730	6,375	1,180
Oklahoma.....	22,622	29,616	38,320	8,505	644	445
Oregon.....	19,814	34,688	52,541	17,141	838	125
Pennsylvania.....	261,251	393,567	525,719	126,415	8,737	3,000
Rhode Island.....	27,091	40,830	55,589	15,046	913	1,200
South Carolina.....	18,493	24,321	30,436	5,974	516	375
South Dakota.....	3,846	4,795	5,545	684	98	31
Tennessee.....	24,020	37,995	58,422	20,865	907	1,345
Texas.....	72,728	96,838	124,434	25,957	2,094	455
Utah.....	6,777	12,943	19,262	6,160	308	150
Vermont.....	5,335	7,377	9,776	2,307	163	70
Virginia.....	30,776	42,086	52,511	10,035	890	500
Washington.....	39,393	68,794	105,142	34,930	1,656	238
West Virginia.....	31,727	43,961	55,658	11,742	935	980
Wisconsin.....	71,082	92,513	130,995	37,661	2,095	1,274
Wyoming.....	3,120	4,772	6,231	1,355	104	(³)

¹ Trust fund maintains separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Totals differ from those shown in tables 3 and 4, because of differences in stage of accounting process.

² Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

³ Cash in State benefit-payment account was sufficient to cover benefit expenditures of \$2,566 without withdrawal from account in trust fund in fiscal year.

Source: Compiled from data furnished by the Treasury Department, Office of the Commissioner of Accounts and Deposits.

Table 8.—Unemployment compensation: Employers subject to State laws, workers with wage credits, claims and benefits, and Federal grants for administration, by State and specified period, 1943-44¹

[Corrected to Aug. 15, 1944]

Fiscal year and State	Employers subject to State law, Mar. 31, 1944	Workers with wage credits ² (in thousands)	Initial claims for benefits ³	Benefici- aries ⁴	Weeks compensated		Benefits paid ⁶ (in thousands)	Funds avail- able for benefits, June 30 ⁷ (in thousands)	Ratio of benef- itici ⁸ to col- lections ⁸ (percent)	Federal grants for ad- ministration ⁹ (in thou- sands)
					Total	Average number of weeks per beneficiary ⁵				
1941-42	10 893,326	37,600	8,299,985	3,243,715	32,022,797	10.1	\$369,745	\$2,891,115	33.8	\$53,922
1942-43	10 869,982	43,300	3,188,265	1,220,421	13,967,994	8.7	176,095	4,008,340	14.5	37,661
1943-44 ¹¹	12 861,023	44,800	1,552,237	530,756	4,404,623	8.3	60,994	5,383,066	4.5	36,129
Alabama	6,417	755	16,649	6,275	67,070	10.7	736	54,656	5.8	388
Alaska	618	37	2,652	2,082	2,082	7.7	96	5,688	1.5	54
Arizona	4,113	206	4,100	1,124	6,965	6.2	29	14,541	2.3	127
Arkansas	17,927	383	12,623	5,532	35,472	6.4	392	22,219	7.4	293
California	50,245	3,887	141,441	47,768	478,845	10.0	7,886	535,718	4.6	2,791
Colorado	3,830	347	5,667	1,757	12,485	7.1	156	27,708	2.8	162
Connecticut	13,236	1,027	32,165	7,421	36,681	4.9	753	138,842	2.4	575
Delaware	4,863	161	1,778	560	5,056	9.0	61	13,158	4.6	138
District of Columbia	13 16,030	317	5,686	3,507	36,749	10.5	623	40,627	17.3	328
Florida	7,455	720	18,666	8,999	53,491	5.9	605	39,831	4.3	424
Georgia	8,458	891	11,020	4,392	49,790	11.3	504	60,703	3.4	584
Hawaii	5,754	168	172	108	752	7.0	13	15,085	7.7	105
Idaho	7,818	136	1,215	496	4,974	10.0	60	11,059	2.0	131
Illinois	40,173	3,532	196,443	81,601	538,386	6.6	7,123	422,749	9.8	2,781
Indiana	11,266	1,404	31,951	(14)	138,637	(14)	2,090	143,681	5.4	990
Iowa	7,400	522	9,706	3,770	28,740	7.6	307	46,315	2.7	223
Kansas	5,163	505	10,701	5,702	54,054	9.5	699	40,440	6.2	327
Kentucky	8,686	556	20,597	8,272	78,428	9.5	760	70,869	6.3	451
Louisiana	12 11,305	778	20,116	6,033	54,901	9.1	688	55,557	3.7	451
Maine	3,297	291	15,481	5,228	41,444	7.9	321	27,446	3.8	226
Maryland	13,449	938	11,231	9,161	56,592	6.2	755	97,304	2.8	507
Massachusetts	72,836	1,912	74,346	25,049	172,280	6.9	2,564	186,492	8.2	1,636
Michigan	19,219	2,266	82,052	29,295	195,071	6.7	3,544	283,753	5.9	1,683
Minnesota	24,206	740	19,187	5,468	47,847	8.8	627	63,874	3.2	669
Mississippi	4,219	355	6,981	1,995	18,278	9.2	198	17,725	3.5	244
Missouri	12,622	1,231	53,399	16,981	115,615	6.8	1,624	124,588	6.6	875
Montana	8,092	133	1,536	794	7,270	9.2	87	13,683	2.5	125
Nebraska	4,043	289	3,068	1,430	11,927	8.3	144	20,419	2.8	166
Nevada	2,724	81	611	224	2,611	11.7	38	7,763	1.6	108
New Hampshire	3,823	168	7,630	3,449	29,698	8.6	254	17,765	7.0	183

New Jersey.....	19,040	1,034	96,329	36,485	274,562	4,108	350,650	4.9	1,792
New Mexico.....	5,465	133	854	131	1,136	13	7,527	4.7	126
New York.....	121,123	5,881	348,685	88,287	751,747	11,147	792,880	5.0	4,606
North Carolina.....	10,483	1,027	20,133	6,059	52,809	390	81,465	1.9	606
North Dakota.....	1,408	65	2,413	138	1,200	14	4,087	1.8	75
Ohio.....	56,409	3,165	38,452	12,556	89,466	1,175	380,744	1.6	2,096
Oklahoma.....	6,989	519	14,428	4,095	32,953	464	88,334	1.8	471
Oregon.....	9,561	585	7,435	4,384	24,500	155	52,588	5.6	258
Pennsylvania.....	127,366	4,193	56,247	25,844	223,392	2,047	525,884	2.3	2,739
Rhode Island.....	6,439	375	23,600	11,746	88,228	1,252	53,634	8.3	322
South Carolina.....	4,772	470	16,946	3,743	34,175	384	30,476	6.1	289
South Dakota.....	1,715	74	1,273	337	3,334	30	5,550	4.4	79
Tennessee.....	6,926	866	24,503	13,939	137,517	1,331	58,515	7.3	572
Texas.....	18,290	1,874	23,156	5,286	46,290	472	124,434	1.8	975
Utah.....	7,192	228	2,631	1,158	8,496	151	13,298	2.5	167
Vermont.....	1,578	111	4,477	1,658	7,068	72	3,583	3.1	116
Virginia.....	8,455	870	9,659	8,935	70,475	560	32,594	5.6	518
Washington.....	32,816	812	10,012	3,457	17,347	232	105,186	7.7	717
West Virginia.....	4,409	519	18,497	11,413	64,881	934	53,748	8.0	410
Wisconsin.....	14,007	1,094	18,497	11,413	92,386	1,242	131,061	3.3	472
Wyoming.....	3,841	75	161	33	170	3	6,272	2.2	81

¹ Except where otherwise noted.

² Estimated number of different workers in each State with wages in covered employment some time in calendar year 1941, 1942, and 1943, after adjustment for duplication resulting from employment of individual workers in more than 1 State during same year. Gross totals before adjustment are: for 1941, 41,010,000; for 1942, 48,233,000; for 1943, 49,496,000.

³ New initial claims, plus claims filed at beginning of an additional spell of unemployment during a previously established benefit year.

⁴ Based on number of first payments. Totals exclude figures for Indiana and Wisconsin; data not comparable.

⁵ Computed by dividing number of weeks compensated for all types of unemployment (total, part-total, and partial) by number of first payments. For States with uniform benefit years, data are based on 12-month period corresponding to most recently completed uniform benefit year; data for States with individual benefit years are based on fiscal year ended June 30, 1944. Averages for the United States based on data for 49 States; data for Indiana and Wisconsin not comparable.

⁶ Adjusted for voided benefit checks.

⁷ Sum of balances in State clearing account, benefit-payment account, and unemployment trust fund account maintained in the U. S. Treasury.

⁸ Contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for disallowed contribution checks.

⁹ Advances certified in fiscal year. For 1941-42 and 1942-43, excludes expenses of Social Security Board for administering USES; for 1943-44, includes expenditures by State agencies for facilities and services furnished to USES, reimbursed from \$4.1 million received from WMC (see table 2). Totals include, but State figures exclude, expenses for postage.

¹⁰ As of end of fiscal year.

¹¹ Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

¹² Data for Louisiana as of Dec. 31, 1943.

¹³ Reporting units.

¹⁴ Data not comparable.

Table 9.—*Special types of public assistance: Federal grants and State expenditures under approved plans, by State and program, fiscal year 1943-44*

[Amounts in thousands; data corrected to Aug. 15, 1944]

State	Federal grants certified ¹			State expenditures from Federal, State, and local funds ³														
	Total ²	Old-age assistance	Aid to dependent children	Aid to the blind	Old-age assistance				Aid to dependent children				Aid to the blind					
					Assistance and administration ⁴			Pay-ments to re-cip-ients	Assistance and administration ⁴			Pay-ments to re-cip-ients	Assistance and administration ⁴			Pay-ments to re-cip-ients		
					Amount	Percent from—			Amount	Percent from—			Amount	Percent from—				
						Fed-eral funds	State funds			Local funds	Fed-eral funds			State funds	Local funds		Fed-eral funds	State funds
1941-42	\$374,684	\$297,357	\$69,381	\$7,947	\$601,978	49.2	41.2	9.6	\$568,347	\$167,658	41.2	40.9	17.9	\$154,410	47.3	34.9	17.8	\$15,016
1942-43	395,626	319,176	67,927	8,523	652,866	49.2	41.6	9.2	616,260	161,931	40.3	43.3	16.5	148,381	17,965	47.6	36.0	16.4
1943-44 ¹	404,942	340,776	54,402	9,764	719,962	47.6	44.5	7.9	678,989	147,624	38.3	44.9	16.8	134,798	20,570	47.5	38.2	14.3
Alabama	3,137	2,407	665	65	4,988	49.0	26.7	24.3	4,654	1,334	49.6	25.5	24.9	1,202	128	50.0	25.5	24.5
Alaska	255	255			551	48.3	51.7		527									
Arizona	2,500	2,307	353	90	4,547	50.5	49.5		4,377	732	50.0	50.0		672	191	48.5	51.5	
Arkansas	3,268	2,424	707	137	5,189	50.0	50.0		4,941	1,538	50.0	50.0		1,461	273	50.0	50.0	255
California	41,211	38,182	1,492	1,537	92,747	41.3	46.8	11.9	88,560	6,608	27.4	38.3	34.3	5,877	3,827	40.4	29.4	30.2
Colorado	10,321	9,381	813	127	20,726	44.8	54.5	.7	20,199	1,683	50.0	24.9	25.1	1,527	256	50.0	25.1	24.9
Connecticut	3,265	2,830	409	26	5,372	43.2	50.8		5,735	1,568	26.5	45.0	28.5	1,491	57	49.0	51.0	32
Delaware	206	166	50		314	46.5	53.5		278	188	37.0	35.8	27.2	155				
District of Columbia	750	506	185	59	1,122	46.5	53.5		998	412	43.1	56.9		341	116	49.8	50.2	106
Florida	5,573	4,587	674	312	9,216	48.7	51.3		8,545	1,106	50.0	50.0		978	596	50.0	50.0	544
Georgia	5,375	4,561	624	190	9,574	48.4	46.2	5.4	8,824	1,285	50.0	44.7	5.3	1,192	382	50.0	44.6	5.4
Hawaii	342	175	156	11	3,525	50.1	49.9		3,365	767	50.0	50.0		(3)	(3)	(3)	(3)	347
Idaho	2,135	1,720	372	43	51,613	50.1	49.9		49,218	9,918	50.0	50.0		720	89	50.0	50.0	84
Illinois	32,409	26,583	5,079	747	51,613	50.1	49.9		49,218	9,918	50.0	50.0		9,404	1,492	47.8	52.2	1,277
Indiana	11,012	8,990	1,577	446	18,296	49.4	29.8	20.8	17,205	3,773	45.0	32.2	22.8	3,433	903	49.9	47.5	2.6
Iowa	9,552	8,882	373	297	17,541	49.5	50.1	4	16,650	4,540	50.0	28.2	21.8	6,439	560	50.0	25.5	24.5
Kansas	6,030	4,909	902	218	10,230	47.4	28.1	24.5	9,476	2,319	37.4	27.5	35.1	2,103	458	48.3	24.9	26.8
Kentucky	3,635	3,096	420	119	7,321	48.9	51.1		6,816	892	50.0	50.0		807	239	50.0	50.0	213
Louisiana	7,019	4,675	2,097	247	10,111	48.1	51.9		9,366	5,489	41.2	58.8		4,830	501	48.5	51.5	448
Maine	2,884	2,349	386	150	4,832	49.4	50.6		4,547	968	36.0	34.7	29.3	916	298	50.0	50.0	280
Maryland	2,669	1,856	731	82	4,150	47.7	35.6	16.7	3,768	1,554	50.0	32.2	17.8	1,335	174	50.0	16.6	33.4
Massachusetts	18,530	16,762	1,559	208	38,670	44.2	35.1	20.7	36,496	7,036	28.3	31.8	39.9	6,497	433	46.6	53.4	158

Table 10.—*Special types of public assistance: Number of recipients and average payment under approved plans, by State and program, June 1944*

State	Old-age assistance		Aid to dependent children			Aid to the blind	
	Number of recipients	Average payment	Number of recipients		Average payment per family	Number of recipients	Average payment
			Families	Children			
June 1941.....	2,170,500	\$21.08	378,406	913,429	\$33.08	40,817	\$23.67
June 1942.....	2,253,522	21.83	389,975	938,976	33.94	54,378	24.37
June 1943.....	2,170,046	24.61	301,139	739,443	38.95	53,752	25.95
June 1944.....	2,086,908	27.55	259,914	650,598	43.12	56,866	28.68
Alabama.....	28,673	15.83	4,624	12,626	24.38	715	15.95
Alaska.....	1,398	32.07					
Arizona.....	9,527	38.43	1,424	4,098	38.27	374	43.41
Arkansas.....	27,152	16.87	4,830	12,665	27.11	1,213	20.70
California.....	157,605	47.20	6,772	17,276	75.10	5,930	47.44
Colorado.....	40,992	41.21	3,469	9,244	35.43	523	36.57
Connecticut.....	14,266	34.24	1,828	4,676	72.46	163	34.40
Delaware.....	1,532	14.45	244	690	54.60		
District of Columbia.....	2,756	29.92	576	1,766	51.73	236	35.44
Florida.....	38,563	24.12	3,122	7,335	29.22	2,310	25.39
Georgia.....	69,062	10.92	4,013	9,811	24.73	2,141	13.85
Hawaii.....	1,492	19.92	566	1,754	53.25	67	22.03
Idaho.....	9,945	30.70	1,473	4,006	37.24	222	32.76
Illinois.....	128,808	30.91	21,247	49,978	33.09	4,971	32.17
Indiana.....	59,074	24.16	7,403	16,629	34.26	2,242	30.68
Iowa.....	51,326	28.40	3,046	7,412	26.69	1,360	31.96
Kansas.....	28,547	27.50	3,352	8,490	45.73	1,127	29.56
Kentucky.....	54,228	10.99	4,220	11,641	22.21	1,581	12.73
Louisiana.....	36,821	22.29	9,959	25,603	40.23	1,477	26.91
Maine.....	15,142	26.87	1,424	4,028	56.84	860	27.86
Maryland.....	12,396	25.55	2,814	8,013	36.80	459	29.11
Massachusetts.....	75,598	39.90	7,162	17,621	75.40	940	41.33
Michigan.....	85,664	29.15	12,875	30,836	60.06	1,270	33.11
Minnesota.....	57,398	28.40	5,453	13,390	40.01	945	33.92
Mississippi.....	25,149	10.03	2,752	6,969	20.92	1,344	11.64
Missouri.....	103,402	22.04	11,030	27,271	32.85		
Montana.....	11,170	29.07	1,444	3,586	33.40	307	30.31
Nebraska.....	25,248	26.04	2,738	6,346	32.49	533	25.12
Nevada.....	1,986	37.97					
New Hampshire.....	6,648	27.66	688	1,738	54.61	267	28.04
New Jersey.....	25,325	28.29	3,845	9,251	47.52	546	29.46
New Mexico.....	5,321	32.31	2,184	6,336	36.41	265	29.41
New York.....	108,180	33.04	18,722	43,032	72.83	2,864	36.60
North Carolina.....	33,688	11.20	6,473	15,751	21.19	2,262	16.24
North Dakota.....	8,848	28.52	1,638	4,499	45.33	125	28.66
Ohio.....	124,836	28.56	8,157	21,885	50.96	3,201	25.68
Oklahoma.....	77,069	26.27	13,547	32,715	33.94	1,909	29.02
Oregon.....	19,488	33.33	1,194	2,948	72.24	372	41.20
Pennsylvania.....	85,210	28.58	22,780	59,977	52.36		
Rhode Island.....	7,200	31.55	1,098	2,870	63.96	88	29.15
South Carolina.....	21,153	13.97	3,434	10,049	23.12	863	18.25
South Dakota.....	13,109	23.59	1,511	3,534	32.25	213	21.63
Tennessee.....	38,085	16.50	11,006	28,394	30.89	1,541	20.19
Texas.....	174,029	21.29	10,688	23,412	21.06	4,663	24.33
Utah.....	13,280	36.73	1,876	5,008	71.46	129	40.95
Vermont.....	5,242	20.03	584	1,486	33.10	160	27.93
Virginia.....	16,177	12.38	3,696	10,448	25.57	969	16.32
Washington.....	60,075	37.63	3,295	8,145	82.45	654	38.41
West Virginia.....	18,454	17.81	6,859	18,841	32.33	824	22.43
Wisconsin.....	47,324	27.45	6,428	15,589	49.46	1,525	27.77
Wyoming.....	3,247	32.33	351	930	43.08	126	36.00

Tables in this appendix are limited to fiscal-year data on appropriations, expenditures, and personnel of the Social Security Board, and on programs for which the Board carries Federal administrative responsibilities.

More comprehensive and detailed information on current operations of social security and related programs, including those for which summary data are given in charts 1-3 of this report, is issued in the monthly Social Security Bulletin and in the Social Security Yearbooks for the calendar years 1939-43.

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